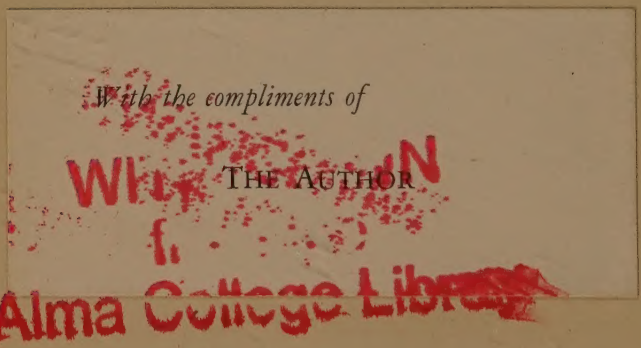
AMERICA AND GERMANY

SIDNEY BROOKS

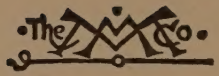
ALMA COLLEGE LIBRARY
ALMA, MICHIGAN
Gift
Author
No.
Accession No. 38591



WITHDRAWN
from the
Alma College Library

HC
286.3
.B791
cop. 2

AMERICA AND GERMANY



THE MACMILLAN COMPANY
NEW YORK · BOSTON · CHICAGO · DALLAS
ATLANTA · SAN FRANCISCO

MACMILLAN & CO., LIMITED
LONDON · BOMBAY · CALCUTTA
MELBOURNE

THE MACMILLAN CO. OF CANADA, LTD.
TORONTO

AMERICA AND GERMANY

1918-1925

BY

SIDNEY BROOKS

AUTHOR OF "AMERICA AND POLAND, 1915-1925," AND
"RUSSIAN RAILROADS IN THE NATIONAL CRISIS"

WITH A PREFACE BY
GEORGE BARR BAKER

SECOND EDITION REVISED

New York
THE MACMILLAN COMPANY
1928

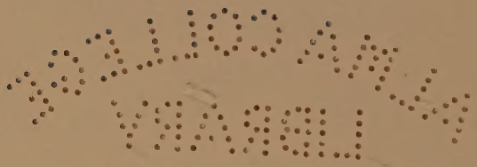
All rights reserved

COPYRIGHT, 1925, AND 1927,
BY THE MACMILLAN COMPANY.

Set up and printed.
Published November, 1925.

Second Edition revised and reset, October, 1927.

HC
286.3
.B791
cop.2



Printed in the United States of America by
J. J. LITTLE AND IVES COMPANY, NEW YORK

The record of a series of intimate relations between the representatives of two nations connecting events the significance of which is brought out for the first time.

PREFACE

On economic or territorial ambitions, on past "oppression" of one nation by another, on feelings engendered during past wars, on class hatred, on antipathies between two Royal families; on the fostering and handing down of these and other influences by the press, historians, school text-books, educators, and politicians; in other words, on the power of tradition and propaganda, largely rests the nature of relations between two peoples.

It is more correct to say that international feelings are thus built up than that they are temperamental, as are those between individuals.

This book is a story of the re-formation and building of relations between two groups, unfolding as it goes the contacts, relations, repulsions as well as attractions, between these peoples which will be foreordaining the shape of future events that may affect a considerable number of the 180,000,000 people of Germany and America.

Before the advent of the world war popular relations between America and Germany were characterized by mutual national respect and mutual commercial interests, as well as innumerable personal ties. Trade rivalries existed, but scarcely

acutely enough to stir up feeling. Scattered throughout the United States, already completely Americanized or rapidly becoming so, lived many millions of German immigrants and descendants of immigrants whose industrious solidities brought them into American life as representing the highest types of good citizens. Their presence naturally and considerably affected the relations between the two countries.

Then a series of errors and offenses traceable directly to certain persons in the government that ruled Germany (not directly to the German people) caused the entry of America into a war which had already attained unparalleled magnitude. It then became unavoidable that the participation of the American people be whole-hearted. In spite of President Wilson's distinction between German autocracy and the German people, many of those who influenced public feeling for war felt that victory depended upon an effectual hatred of the enemy. The Germans were carefully refabricated from the industrious, well-behaved citizens of yesterday into bloodthirsty ogres whose every reported atrocity appeared worse than the one before.

One would have no purpose here to rehash war propaganda, much of which was silly, and of course was common to all belligerents. Yet sentiments must be borne in mind when considering some of the forces affecting the direction of the paths of the two countries. Thus, all through this

postwar record appear traces of a serious-minded German expectation of finding in America a friend, or even a champion, to aid and protect Germany against what the majority of Americans were apt to regard as the consequences of her own acts.

One of the principal ingredients for nourishment of those hopes began to show itself, from a certain point in 1918, throughout all classes in Germany in a dependence upon America resembling something akin to child-like faith and forgetfulness of past national acts. This became evident in that wave of popular expectation that swept Germany when President Wilson propounded his Fourteen Points, sounding the tocsin of the end of Hohenzollern power; evidenced itself through many intermediate efforts with which the world is familiar; and which even now still exists, bobbing up in such forms as a certain German's surprise at finding "America a wall of ice on German war guilt."

War hatreds have passed, yet many Americans express impatience at what they are likely to term the curious mentality that misconceives America's motives. Some of the true motives appear in this recital of various American efforts to aid the German people under their new Republic. Once these efforts are understood at their true worth in Germany, German public opinion may well undergo a change in its hitherto rather naïve misconception of American sentiments.

GEORGE BARR BAKER.

ACKNOWLEDGMENT

For counsel and advice, for verification of fact, or for manuscript revision, the author wishes to express his sincere and grateful appreciation to George Barr Baker, John R. Ellingston, Edwin Emerson, Harold H. Fisher, Helen Dwight Fisher, and Edgar Rickard.

A large number of the documents were consulted in the War Library of Stanford University, California.

SIDNEY BROOKS.

New York City.

CONTENTS

		PAGE
PREFACE, *By George Barr Baker*	. . . . .	vii
CHAPTER		
I.	ANTICIPATING PEACE	3
II.	GERMANY FROM THE INSIDE	9
III.	THE ARMISTICE BLOCKADE BATTLE . . .	29
IV.	DARK DAYS OF A NEW STATE	44
V.	SHIPS	57
VI.	FINANCING NUTRITION	67
VII.	AMERICAN DOLLARS IN EUROPE'S HOPES . .	96
VIII.	THE SALVAGE OF A NEW GENERATION . .	120
IX.	TURNING A NEW PAGE	159

TABLE OF PERSONAGES

Addams, Jane, Social and Settlement Worker.
Albert, Dr. Heinrich, German Diplomatic Corps.
Allen, Major General Henry T., Commander, American Army of Occupation in the Rhineland.
Attolico, Professor, Member Food Section, Allied Supreme Economic Council.

Baker, Commander George Barr, Member, Staff of Allied Director General of Relief.
Barber, Colonel A. M., Member Food Section, Allied Supreme Economic Council.
Barnes, Julius H., President, U. S. Grain Corporation.
Beale, Sir John, British Representative, Supreme Council of Supply and Relief.
Bellows, Max, British Society of Friends.
Bernhard, Georg, Editorial Writer, Vossische Zeitung.
Bernstorff, Count Johann von, German Diplomatic Corps.
Boret, M., French Food Minister.
Bose, Dr. H., German Food Ministry.
Boyden, Roland, U. S. Unofficial Observer, Reparations Commission.
Braun, Edler Von, German Food Minister.
Brockdorff-Rantzau, Count, German Foreign Minister.
Brown, E. W., Rotterdam Representative, British Food Ministry.
Brown, W. Gordon, American Relief Administration, and General Allen's Committee.
Brown, Walter Lyman, Director for Europe, American Relief Administration.

Caetini, Captain, Member Food Section, Allied Supreme Economic Council.
Carroll, Philip H., American Relief Administration.

Cecil, Lord Robert, Member British Peace Commission and Representative on Supreme Economic Council.
Charpentier, J. M., Member Food Section, Allied Supreme Economic Council.
Clemenceau, Georges, French Premier, President of Allied Peace Conference.
Clynes, J. R., British Food Minister.
Coolidge, Calvin, President of the United States.
Crespi, M., Italian Food Minister; Member Supreme Economic Council.
Cuno, Herr, German Chancellor.

Davis, Norman, Assistant Secretary, U. S. Treasury; Member Supreme Economic Council.
Davison, H. P., American Banker.
Dawes, General Charles G., Vice President of the United States.
Djerjinsky, Felix E., Chief of the Soviet Extraordinary Commission (Cheka).
Dougherty, Denis J., Cardinal.
Dresel, Ellis Loring, American High Commissioner to Germany.
Drum, John S., President American Bankers' Association.
Dulles, John Foster, Member Allied Superior Blockade Council; Member American Peace Commission.

Ebert, Friedrich, President of the German Republic.
Edge, Walter E., United States Senator.
Eisner, Kurt, Bavarian Premier.
Elliott, J. Thompson, British Society of Friends.
Emerson, Dr. Haven, Columbia University.
Erzberger, Mathias, German Armistice Negotiator.
Evans, Harold, American Friends Service Committee.

Filene, Edward A., Director, International Chamber of Commerce.
Fillioux, Commandant R., Member Food Section, Allied Supreme Economic Council.
Flesh, Edward M., Vice President and Treasurer, United States Grain Corporation.

Foch, Marshal Ferdinand, Commander-in-Chief, Allied Forces.
Fox, Marion C., British Society of Friends.
Frenssen, Dr. Gustav, German Author and Lecturer.
Fry, Joan M., British Society of Friends.

Gary, Judge E. H., President, U. S. Steel Corporation.
Gehle, Frederick W., Vice President, Mechanics and Metals National Bank.
Gibson, Hugh, United States Diplomatic Corps.
Gilbert, S. Parker, Agent General for Reparations.
Glass, Carter, Secretary of the U. S. Treasury.
Goethals, General George W., American Engineer.
Goldsmith, Alan G., American Relief Administration.
Goode, Sir William, Member Food Section, Allied Supreme Economic Council, British Director of Relief.
Gray, Prentiss N., Member, U. S. Shipping Board.

Hamilton, Dr. Alice, American Friends Service Committee.
Harden, Maximilian, Author; Editor of Zukunft.
Helfferich, Karl, Economist; German Imperial Minister of the Interior.
Hoover, Herbert, Director General of Relief, Allied Supreme Economic Council; U. S. Food Administrator; Chairman, U. S. Grain Corporation, American Relief Administration, European Coal Commission, etc.
Hope, Vice-Admiral Sir George P. W., Deputy First Lord of the British Admiralty.
House, Edward M., Representative Plenipotentiary, American Peace Commission.
Houston, David F., Secretary of the U. S. Treasury.

Jacobs, Dr. Aletta, Dutch Physician.
Johannsson, Professor J. E., Professor of Physiology, Carolinian Institute, Stockholm.
Jones, Dr. Rufus M., American Friends Service Committee.

Kent, Fred I., Vice President, Bankers' Trust Company.
Keynes, J. M., British Financial Representative, Allied Peace Conference.

LAMONT, THOMAS W., American Financial Representative, Allied Peace Conference.
LANE, FRANKLIN K., U. S. Secretary of the Interior.
LEAHY, COMMANDER W. D., United States Navy.
LE ROCHAIS, COMMANDANT, French Representative, Brussels Conference.
LIEBKNECHT, KARL, Leader of German Spartacists.
LODGE, HENRY CABOT, United States Senator.
LOGAN, COLONEL JAMES A., Member Food Section, Allied Supreme Economic Council.
LUDENDORFF, GENERAL ERICH VON, German First Quartermaster General.
LUXEMBURG, ROSA, Leader of German Spartacists.

MACCLAY, SIR JOSEPH, British Shipping Minister.
MAX, M. J., French Delegate, Spa Conference.
MAY, M., Member Food Section, Allied Supreme Economic Council.
MCCORMICK, VANCE, Chairman, Allied Superior Blockade Council.
MCFADDEN, GEORGE, Member Allied Superior Blockade Council.
MCHUGH, JOHN, American Banker.
MELCHIOR, DR., German Representative, Brussels Conference.
MERTON, RICHARD, German Representative, Spa Conference.
MERZ, BEZIRKSAMTMANN, German Representative, Spa Conference.
MONNET, JEAN, Member Food Section, Allied Supreme Economic Council.
MONTGELAS, COUNT ADOLF, German Diplomatic Corps.
MORGAN, J. P., American Banker.
MORGENTHAU, HENRY, ex-U. S. Ambassador to Turkey.
MUELLER, HERMAN, German Chancellor.

NEAL, CHARLES T., Hamburg Representative of Allied Director of Relief.
NEUMANN, PROFESSOR R. O., Professor of Hygiene, Bonn University.
NICHOLSON, V. D., American Friends Service Committee.
NITTI, FRANCESCO, Italian Premier.
NOSKE, HERMAN, German Minister of Defense.

PAISH, SIR GEORGE, British Economist.
PATTERSON, PROFESSOR ERNEST M., University of Pennsylvania.
POINCARÉ, RAYMOND, French Premier.
PREUSS, DR., Minister of the Interior, German Provisional Government.

RATHENAU, WALTHER, Chancellor, German Republic.
RICHARDS, C. A., Member Allied Superior Blockade Council.
RICKARD, EDGAR, Director General, American Relief Administration.
ROBERTS, GEORGE E., Vice President, National City Bank.
ROBINSON, H. M., American Banker, Member Supreme Economic Council.
ROBISON, ADMIRAL S. S., United States Navy.
RYAN, COLONEL W. B., Berlin Representative of Allied Director of Relief.

SALTER, SIR JAMES A., Secretary, Allied Maritime Transport Council
SCATTERGOOD, ALFRED G., American Friends Service Committee.
SCATTERGOOD, J. HENRY, American Friends Service Committee.
SCHEIDEMANN, PHILIP, Chancellor, German Republic.
SHELDON, JAMES, American Banker.
SHELDON, L. P., Member Allied Superior Blockade Council.
SHERMAN, EDWIN, Member, Staff of Allied Director of Relief.
SIMONS, DR. WALTER, German Minister of Foreign Affairs.
SINCLAIR, JOHN F., President, John F. Sinclair Company.
SNYDER, F. S., Director, Meat Division, U. S. Food Administration.
STARLING, PROFESSOR E. H., British Delegate, Allied Food Commission.
STOBBIA, L., Italian Representative, Spa Conference.
STODDARD, LOTHROP, Author.
STRAUSS, LEWIS L., Member, Staff of Allied Director of Relief.
STRAWN, SILAS, President Illinois Bar Association.
STRESEMANN, GUSTAV, German Chancellor and Foreign Minister.

TAFT, ROBERT A., Member Food Section, Allied Supreme Economic Council.

Taylor, Dr. Alonzo E., Special Representative of Director General of Relief.
Ter Meulen, Dr., Dutch Banker.
Thomas, Wilbur K., American Friends Service Committee.
Thompson, Huston, U. S. Federal Trade Commissioner.
Tirpitz, Admiral Alfred von, Imperial German Secretary for Naval Affairs.

Vanderlip, Frank A., American Banker.
Vauclain, Samuel M., President, Baldwin Locomotive Company.
Vorwerk, Carl, German Representative, Spa Conference.

Wallis, J. H., American Relief Administration.
Warburg, Max, German Financial Delegate at Paris.
Warburg, Paul, American Banker.
Wels, Otto, Military Governor of Berlin.
Wemyss, Admiral Sir Rosslyn, First Sea Lord of the British Admiralty.
White, John Beaver, Member U. S. War Trade Board.
Whitmarsh, Theodore, Acting Chairman, U. S. Food Administration.
Whitney, George, American Financial Representative, Allied Peace Conference.
Wilson, Mrs. Woodrow, Wife of President Wilson.
Wilson, Woodrow, President of the United States.
Wirth, Dr. Joseph, German Chancellor.
Wise, E. F., Member Food Section, Allied Supreme Economic Council.
Wise, Rabbi Stephen S., Prominent Zionist.
Wood, Carolena M., American Friends Service Committee.
Wood, General R. E., U. S. A.
Wright, C. M., American Federation of Labor.

Young, Owen D., Member Dawes Commission; Agent General for Reparations.

Zucchini, Count, Member Food Section, Allied Supreme Economic Council.

AMERICA AND GERMANY

AMERICA AND GERMANY

CHAPTER I

ANTICIPATING PEACE

"I called the new world into existence to redress the balance of the old."

—*Canning*, King's Message, 1826.

AMERICAN aid to Germany and Europe on the long road to recovery from the effects of the war is the subject of this book. The Americans concerned in these efforts encountered obstacles of the greatest obstinacy and complexity. Among the most important of these were Germany's dangerous internal situation, political and economic; the conflicting policies of the victorious powers with respect to the maintenance of the blockade; the provision of shipping and finance necessary to furnish food and raw materials to save the German people from catastrophe; and later, financial and economic stabilization.

It was impossible to attack these obstacles one by one; the attacks had to be delivered simultaneously in many directions. For the sake of clarity these major early obstacles are treated in separate chapters and their inter-relation and connection

with the whole matter of reconstruction is brought together in Chapter VI.

American policies were presaged in the middle of 1918 while the war was still in full swing. Mr. Herbert Hoover, then United States Food Administrator, foresaw that when the war did end all of Europe would urgently need food supplies, and food could be found immediately only in America. He made a world survey of food conditions and so organized the Food Administration as to be prepared to procure and ship supplies which blockaded Europe would need at the cessation of hostilities.

By October, 1918, seeing that Germany was soon to be beaten, Mr. Hoover laid the food situation before President Wilson. Plans were then perfected for the organization necessary to rush supplies to Central and Eastern Europe, as well as such supplies the Allies might need.

One month later the war's end came. The military truce in the forest of Compiègne was followed by the more specific armistice renewal negotiated between the Allies and Germany at Treves on November 11, 1918, providing, among other stipulations:

"Article 26—Maintenance of the Blockade by the Allied and Associated Powers in its present form, German merchant ships found at sea liable to capture. The Allies and United States contemplate the provisioning of Germany during the armistice to the extent that this shall be found necessary."

Four days before, on November 7, 1918, President Wilson had asked Mr. Hoover to undertake an extension of Belgian and other reconstruction and relief work upon conclusion of an armistice which then seemed imminent. On November 12th, the day after the Armistice, the President directed Mr. Hoover, as United States Food Administrator, to proceed at once to Europe to determine the action to be required from the United States and what American organization would be necessary for the participation of the United States Government in this matter, and to take necessary steps in temporary relief.

In order to expedite the movement of foodstuffs towards Europe, the War Department undertook to purchase through the U. S. Food Administration during the next twenty days, 120,000 tons of flour and from 30,000,000 to 40,000,000 pounds of pork products. These foods were to be shipped by Army ships at the earliest possible moment consigned to French ports for reconsignment or storage. These foods along with any other suitable surplus supplies of the U. S. Army in Europe were made available for distribution at Mr. Hoover's direction, it being understood that if it proved unfeasible to reship or re-direct the steamers to the territories lately held by the Central Empires arrangements would be made for the re-sale of foodstuffs to the Allied governments, or alternatively, to the Belgian Relief.

In order to facilitate administration in Washing-

ton, a preliminary committee was then set up to assist the Food Administration, comprising: Mr. Theodore Whitmarsh, of the Food Administration, to act as Chairman in Mr. Hoover's absence; Mr. F. S. Snyder, of the Meat Division of the Food Administration; Mr. Julius H. Barnes, of the Cereal Division of the Food Administration; General R. E. Wood, Quartermaster General, representing the War Department; Mr. John Beaver White, representing the War Trade Board; and Mr. Prentiss N. Gray, representing the Shipping Board.

The United States Grain Corporation, organized with $150,000,000 capital especially to carry out commercial transactions for the Food Administration, was at hand to attend to immediate shipments of food.

At London, Mr. Hoover and Colonel House plunged into conferences with British, French, and Italian representatives. Passing on to Paris, they immediately began those activities which, from three rooms in the Elysée Palace Hotel, were soon to develop into purchase, movement, and distribution of foods for relief purposes, on a scale never before attempted in the history of war or famine.

On December 20th Mr. Hoover called the attention of the Supreme War Council to the desperate food situation in Germany and advocated definite statement of a food policy which would permit measures of relief. This was the first step in extending relief to ex-enemy as well as to allied and

liberated countries. Before many days passed it required ten rooms to hold Mr. Hoover and the then forming American Relief Administration in the headquarters of the American Peace Delegation, Hotel Crillon, located, appropriately enough, on the Place de la Concorde. Continuing discussions in Paris between Mr. Hoover and Allied representatives resulted, in about a month's time, in formation of the Supreme Council of Supply and Relief. At the first meeting of the Council, January 11th, Mr. Hoover was appointed Allied Director of Relief. As complications grew, this body was later formed into the Food Section of the Supreme Economic Council.

While rather lengthy and unproductive discussions were on between allied delegates at Paris, the Americans had loaded supplies into ships which were already plowing their way across the Atlantic. By the day these first shiploads of food arrived in Europe the ten rooms at the Crillon were all too small. The American food organization picked up its equipment and moved to larger quarters on the Rue Parquet, near the Arc de Triomphe.

Members of the newly constituted Food Section of the Supreme Economic Council were:

Mr. Herbert Hoover, Director General of Relief and Chairman of the Food Section

American Delegates	*British Delegates*
Colonel A. M. Barber	Sir John Beale
Colonel James A. Logan	Sir William Goode
Mr. Robert A. Taft	Mr. E. F. Wise

French Delegates	*Italian Delegates*
M. J. M. Charpentier	Prof. Attolico
Commandant R. Fillioux	Captain Caetini
M. M. J. May	Count Zucchini
M. Jean Monnet	

While these organizations were still in process of forming, affairs in Germany were moving rapidly toward a dangerous point.

CHAPTER II

GERMANY FROM THE INSIDE

"The fate of nations depends on how they are fed."

"The Council of Peoples' Commissars took over the government in Berlin on November 9, 1918; reigning princes of federal states were either deposed or abdicated, the existing Imperial Parliament was declared dissolved, and arrangements were made for summoning a National Assembly."

In this dry chronicle of the German revolution read in the Statesmen's Year Book, is little play for the imagination to feel the moving forces behind the frock-coated Germans who appeared before the Allies in armistice conferences. Many exciting events took place in Germany during the three weeks between the eleventh of November and the first of December, 1918. Although interesting to the historian, they are not of import to this story. By December 1st they begin to be.

About this time there arrived in Paris from Berlin a neutral relief worker of standing. His report of observations during the preceding two years in Germany fits as a key not only to the mental processes of German delegates but also to those of their en-

emies at Washington, London, and Paris. Thus he reported: "It was remarked to me by a number of Germans last week that the Allies would readily feel the organizing ability of the Germans in their effort to repair the old or erect the new order of things if they would come to take charge of affairs. The people are fearful. Any intimation of punishment will be followed by acquiescence with any program of the Allies, who, if necessary, must be brutal in the enforcement of the terms. A small amount of food ought to be sent to Germany without conditions if it is hoped to maintain order there, otherwise circumstances growing from lack of food will be fertile for the doctrines of Rosa Luxemburg and Karl Liebknecht of the Spartacus group who will let hell loose if not curbed. There is a frightful current of agitation under an apparently peaceful situation. Vice is on the increase to such an extent that one cannot cross the Tiergarten after dark without danger of attack. Germany has broken to pieces. The Allies have her at their mercy."

Concerning the food situation of the German people, official and confidential German Government reports prepared by experts came into the hands of the Allies. The manner of their acquisition, and the fact that they had apparently been kept secret from the German people, did not permit suspicions of their being exaggerated propaganda.

They described reduction of bread ration by one-

half after six months of war, meat supplies rapidly reduced to one-seventh of normal, of fats to one-third, and almost complete disappearance of sugar, eggs, potatoes, and milk. Bulky, non-varying, unappetizing food, a monotony unbroken, brought insidious destructive effect on the people. Press censorship kept the German people in the dark both as to the more extreme shortage impending and as to the rapidly growing manifestations of general health debilitation. During war years about 800,000 more civilians died than normally, mainly from causes depending in some way on lack of food.

The people were not informed of the observation of German physicians:—weakness and lassitude, increasing manifestations of mental inferiority, indolence, lost initiative, nervousness. Nor were reports published of general prolapse of genitalia among women, increase of cases of intestinal intussusception, lung affections growing with abnormal rapidity into tuberculosis, reactivation of old cured cases. "We are helpless in the whole domain of dieting the sick as we are in the fight against tuberculosis," read one governmental report. "Decades must pass before the traces of this fateful period will pass."

The actual food situation of Germany is seen in three brief extracts from reports of outsiders who investigated the situation in Germany;—an English nutritional expert, a Swedish nutritional expert, and an American nutritional expert.

Professor E. H. Starling[1]

"In the first two years of the war . . . some food was still to be obtained through neutral countries. . . . In the Winter of 1917 . . . the weight of the population rapidly diminished on the starvation diet. People were only maintained alive by using up the fat in their own tissues, and a reduction of 60, 70, and 80 pounds of weight was not infrequent. . . .

"In the year 1917-18 it will be seen that the total food available after meeting the needs of the army, if equally divided among the civilian population, would have given 2,440 calories per head, which is equal to 3,000 calories per average man. . . . But it has already been pointed out that the farmers defy all measures taken to obtain delivery of food. . . . We must therefore allow to the average man only 2,500 calories and 2,000 calories for the rest of his family. . . .

"The total amount of food which could be assigned on ration cards during the rest of the war did not exceed 1,500 to 1,600 calories per head. . . . The German authorities felt themselves obliged to

[1] Ernest H. Starling, M.D., B.S., C.M.G., F.R.S., was for many years Professor of Physiology at University College, London; served in the British Army during the war; latterly as Scientific Advisor, Ministry of Food, and British Delegate, Allied Food Commission. He is the author of numerous scientific works on nutritional and physiological subjects.

ration strictly the whole food of the population. The average man expends about 3,000 calories per day keeping himself alive and doing work. . . . The average woman needs about 2,650; a man in sedentary occupation about 2,500. A heavy worker may expend 4,000 or even 5,000 calories per day. . . . The food, moreover, was seriously deficient as regards quality. . . . As regards fat, 70 grams per man per day has been accepted as the necessary minimum. The ration contained only 15 to 20 grams per day. . . . A diet thus restricted in quality signifies slow starvation.

"A large number of the population have lost since 1916 from 15 to 25% of their original weight, it is evident that their condition must be seriously affected. . . . In the presence of shortage of food the woman gives her share in order to supplement that of the children or the husband, so that her nutritive condition tends to be worse than that of the rest of the family. . . .

"Between the years 1915-18 the civilian deaths as compared with pre-war statistics were: 1915 plus 9½%, 1916 plus 14%, 1917 plus 32%, 1918 plus 37%. . . ." As to children: "Before the war Berlin received 1,250,000 liters of milk per day; it now receives about 225,000 liters per day. . . . This lack of milk has serious effect on health of children. Thus the death rate of children between the ages of two and six years is stated to have risen by 49.3% between 1913 and 1917. . . . The coming

generations will be marked by the presence of numerous cripples from the deformities of bones induced by rickets. . . .

"Three years on a diet insufficient both as to quantity and quality, indigestible, tasteless, and monotonous, has not only reduced to a low level the vitality and efficiency of the population, but has also had a marked influence on the mentality of the nation." This Professor Starling describes as "listlessness and hopelessness, depression and lassitude. . . .

"Nor was there any sense of shame at defeat or feeling for national honor. Men wanted more food, and all other moments seemed of little or no importance. Among the leading men the mental and moral prostration is the most striking. They seem hopeless and despairing of any future for themselves or their country. The hopelessness is more striking than any resentment. The contrast of these men with their overbearing self-confidence before the war is as impressive as the sight of the obliterated villages of Pozières and Contalmaison and the ruined streets of Lens. . . .

"The hopelessness and unresisting apathy of men who were and should be still the leaders of the community present a distinct danger. . . . The impression we have received is that the nation of Germany is broken, both in body and in spirit. Even if the adverse conditions as regards food were removed within the next few months, even years of

good feeding will be necessary before the people are to start to health and efficiency. . . ."

Professor J. E. Johannsson[2]

"Immediately after outbreak of war the export of foodstuffs was prohibited. . . . Grain was first requisitioned on February 1, 1915, and in the beginning of 1916 bread rationing was everywhere in force. Rationing of potatoes was introduced in March, 1916, of sugar in April. . . . Meat cards appeared in Berlin on June 1, 1916, in the whole country in August. . . .

"During the war, the censor severely suppressed every utterance of dissatisfaction, especially in news to foreign countries. During the last two years of war, however, more and more indications of the inadequacy of food supply appeared. . . . It is clear that the war supply in Germany never has covered the physiological requirement. . . .

"R. O. Neumann, Professor of Hygiene in Bonn, lived from December, 1916, to April, 1917, exclusively on the rationed food with addition of the food

[2] Doctor of Medicine, Professor of Physiology at the Carolinian Institute in Stockholm, an expert in the science of nutrition, the author of prominent scientific works, and during the war the Swedish Government's expert on food problems. He made two extended investigations of the food situation in Germany, one at the beginning of 1915, and the second in company with a colleague in January, 1919. His report, extracts from which are given here, was approved and sponsored by the Swedish Medical Society.

available to the poorer classes by purchase in the market. . . . He kept track of the quantity, composition and nutritive value of the food as well as his own weight. Neumann obtained during that period an average of 1,546 calories per day, causing a decrease in his weight from 154 lbs. to 125 lbs. in seven months. . . .

"Those who have observed that the food shortage chooses its victims among younger ages each year cannot help seeing the continuation of the blockade as an attack on the existence of a nation. . . .

"Signs of demoralization and dissolution of social bonds can be noticed, but over it all the food shortage rules as an almighty factor. After all seen and heard during our journey, it is the firm conviction of both of us that Germany is in urgent need of supply through import."

Dr. Alonzo E. Taylor[3]

"Scarcity of food is most frequently alluded to as a cause of social unrest. Naturally, the hungry individual is dissatisfied with his environment and seeks to remove the cause of his deprivation.

"As a direct expression of protest against the food

[3] Former professor of pathology and physiological chemistry, University of California and University of Pennsylvania; member of War Trade Board as Food Expert during America's participation in the war; Director Food Research Institute, Stanford University; author of numerous scientific and nutritional publications.

ration, a general strike has frequently been invoked. . . . The people are tired of the war food. It is unsatisfactory, disagreeable, tasteless, and necessarily consumed largely in the form of soup. The bread is heavy, indigestible, and unsatisfying. There is very little meat. The fat ration is so low that the cooking of food must be done without fat.

"From every point of view of the normal diet, the food is revolting. Quantitatively the diet is too low. The entire industrial population, with exception of the wealthy classes, is much below weight; and the emaciation has proceeded to the point of apathy, against which even the willing worker is hardly or not able to contend. Women and children suffer the most.

"Assuming that Germany had food enough to go on to the next harvest on the present ration (which she has not), it would not be wise or merciful or just to keep her on that ration either for the purpose of saving money for herself or for any other reason."

After an extended survey of supplies on hand in Germany, and of the low nutritional condition of the people, Dr. Taylor recorded his convictions that certain rather large quantities of food would have to be shipped in to carry the nation through to the 1919 harvest with a diet sufficiently increased to ward off imminent physical dangers and alleviate dissatisfaction in the industrial areas. How much less might suffice, he considered it hazardous to say.

Dr. Taylor then adduced the factors making for

unrest in Germany, factors such as lack of raw materials and consequent lack of employment, the general disinclination of returning troops to work, and the strike propaganda resulting from lack of faith in the social program of the new provisional government. On the one hand he pointed to the complete optimist who believed that as soon as the German was fed again and raw materials offered, he would at once become the thrifty, industrious, patient worker of old. The students of social science, the prominent men in industry and finance, and the best qualified labor leaders themselves, he found, did not believe in any solution so simple. Solution was made more dubious by the fact that politicians deliberately capitalized Bolshevism. It was evident that Bolshevism was a real peril, but that threatening the Entente with Bolshevism by certain German politicians was dangerous in its effect upon their own people did not escape the observation of thoughtful Germans.

"Nevertheless," said Dr. Taylor, "under all circumstances, it is clear that food should be shipped in as needed in a correct nutritional program. Raw materials should be shipped in at once, for the repair of domestic depletion. . . . Delay is injurious to the Germans and to the Allies. It is the old problem of penology on a national scale. Shall an offender expiate by solitary confinement on bread and water or work off a fine on the stone pile? Involved are both morals and utilities. Crime is

rampant in Germany, offenses against the person as well as against the rights of property. The Government possesses neither military nor police power. . . ."

The economic stagnation of Germany following the war was apparent in the condition of the railways. In January, 1914, the Prussian railways took up about 200,000 loaded freight cars per day. In January, 1918, the number picked up was 147,000, or 69 per cent of pre-war. In January, 1919, but 105,000 cars were picked up, or 48 per cent of normal. The chief trouble was lack of engines in good repair and lack of coal.

Industry in general, as well as the railroads, suffered from lack of materials such as copper, tin, nickel, asbestos, cotton and rubber, as well as from greatly decreased production of iron and coal. The German had shivered for two winters and was not in a frame of mind to shiver any longer.

It is true that the low economic condition of the German people, brought on by the blockade of Germany during war and by civilians' sacrifices for successful waging of war, did not evoke much sympathy among the peoples of the allied nations. But after termination of war when this condition became so dangerous as to constitute not only an economic but a social menace to Europe then former enemies began to interest themselves in ascertaining the exact conditions in Germany. Isolated more and more by the blockade, Germany had first drawn war ma-

terials from reserve stocks, with little reduction of non-war manufacture. When these stocks grew low civilian manufacture was reduced. Next came the stage of substitutes, thereby freeing more supplies for war purposes. Then came the use of substitutes for military supplies. The final stage was systematic combing of all Germany for finished articles, reconverted into the raw materials for war use. In the end, the German people, speaking industrially, were bled white. That was their situation at the time of the great German offensive in 1918 and that was their situation, after the Armistice, amid disorganization of the machinery of production.

On the cessation of hostilities industrial plants simply shut down all over Germany, from lack of coal, from lack of raw materials, from breakdown of transport, from lack of markets or means to reach former markets. The danger lay not in losses of industrialists, who, though they may bitterly complain, are supposed to be able to stand periods of inactivity. Germany's jobless, her unemployable returned soldiers, in the extreme need of food, clothing, fuel, constituted a great social peril.

The war in its later stages was a "war of attrition" in more than the military sense. The people of the allied nations suffered, yes, and greatly, but the extreme of attrition was borne by the people of Germany and of the east European countries. Therein lay America's duty, recognized by Congress, to bring her resources to fill the food vacuum of

Central Europe—partially Germany but most particularly the fringe of small new countries that lay between Germany and a Russia crumbling down in ruin.

With the New Year, 1919, each day brought to Paris more and more reports pessimistic as to whether any responsible group might even retain enough control to guide or represent Germany. Curiously enough, the predictions of advisers who knew Germany well before the war, but not since, appeared less trustworthy than the conclusions of those with minds fresher to receive new impressions of a Germany utterly changed. Constant despatches to Paris pictured a people in Germany broken, disheartened, backbone limp from lost morale. But in contrast to the hopelessness of the mass of German people there were active groups, whose activity streaked vivid color through the dull shade of German lassitude.

Lost spirit, lost pride, lost patriotism, with impotent resentment at having been deceived by their rulers, formed the dull gray of German sentiment. The smaller but far more vivid splotches were the radical red. The following chronicle presents events in their colorful significance, not in their historical bearing:

On December 23, 1918, Republican Guards fire on Spartacist sailors. Otto Wels, Military Governor of Berlin, is captured by the revolters. On December 28th, extremists under Karl Liebknecht

again start rioting in the handling of which the Ebert Government shows but little energy.

In early January the newly created civilian guard is discovered to have as its real purpose counter-revolution. Espionage officers, machine guns, hand grenades brought to light. A new war party working with "dazzling imagination for a decisive battle on the Rhine for world Bolshevism." American investigators report that distress and unrest bring danger of Bolshevism spreading over Germany and to neighboring countries. Recommend energetic relief measures. On the 6th Spartacists take possession of all Berlin Government buildings, while all factories stop work, workmen marching through streets, armed conflicts momentarily expected.

By January 7th the position of the new government becomes nearly untenable. Spartacists gain complete control in Muelheim and Oberhausen, declaring dictatorship of proletariat on Russian model. Spartacist movement gaining ground hourly in Berlin and Frankfort, street fighting between insurgents and government troops. Spandau ammunition works captured by the former. Hermann Noske made Military Commander of Berlin.

January 8th, Noske declares martial law in Berlin. Firing continues all night, artillery appearing on scene. Spartacists strenuously but without success attack Brandenburg Gate, Hotel Kaiserhof, Anhalt, Potsdam and Stettin railway stations. Government

troops retake Department of Railways, Silesian Station and capture office of *Rote Fahne* (Red Flag). Spartacists take Reichstag *Daily Observer* building and city water works, cutting off water supply. Banks and Berlin Boerse close their doors.

On the next day bloody street fighting occurs in Stuttgart, Dresden and Hamburg, while prevention of a raid of the Berlin Central Cattle Market saves Berlin's meat supply. Spartacist handbills demand a general strike and armed resistance to "Ebert and Scheidemann, the deadly enemies of revolution...." The Spartacists were gaining adherents among the discontented throughout Germany.

January 10th brings a general strike in Leipzig and a large demonstration in Bremen, calling for resignation of the Senate, removal of government officials, appointment of a People's Commissar. The Socialist Republic of Bremen is formed. The Leipzig Soviet disarms government troops sent to that city.

On January 13th the *Deutsche Allgemeine Zeitung,* after the occurrence of many other disorderly events throughout Germany, declares: "Impoverished Germany can only be reconstructed by the labor of all. A very brief interval stands between the German nation and complete collapse."

Virtually all reports seen in Germany from American and Entente sources displayed not only a deep ignorance of the political situation in Germany

then, but also an utter failure to comprehend the change—be it temporary or permanent—that had taken place in the German character.

The strength of the Liebknecht-Spartacus group of socialists, the Bolsheviks of Germany, lay in the unrelenting energy of its leaders and the fact that the membership of the group consisted of criminals, deserters, and other elements who had nothing to lose; lay in the discontent produced by empty bellies; lay in the apparently incurable doctrinairism of the Cabinet and its reluctance to act energetically.

The Cabinet, which depended for its support upon the relatively conservative trade unions, feared to take drastic action lest it lose this support. It dared not appeal to the returned troops lest it lose its power to the reactionary groups that opposed the revolution. Spartacists demonstrating with machine guns were hardly interfered with. Guards posted in front of public buildings were ordered not to use their weapons, with the result that the Spartacists took the guns away from sentinels and even picked their pockets.

A reliable American observer reported that, "A resolute use of armed force would be greeted with delight by ninety per cent of all Germans, but the Cabinet shrinks from bloodshed as opposed to socialist tenets of the brotherhood of men. All Germany's hopes today rest on America. The apathy and despondency of the people are, however, ag-

gravated by the fear the Americans will not be able to carry their program through.

"This fear is nourished by unfortunate articles in certain French and English newspapers. The Germany of today is a plastic mass awaiting the hand of the statesman-sculptor. What its future is to be depends almost entirely on the wisdom of its enemies. The mass of people, untrained and inexperienced in constructive politics, are waiting to be told what to do. And they are looking to America to tell them. If they could be assured unambiguously that they would be helped with food and raw materials it would succeed in establishing stable government there. It would sound the knell of Bolshevism in Germany. It would also stay the present progress toward economic ruin which, if not stayed, soon means that industry will be hopelessly crippled for years to come."

The search for the remedy for these troubles always came back to food. Mr. Hoover presented the situation to President Wilson:

"Paris, 19 December 1918.

"I am strongly impressed that some immediate action needs to be taken with regard to internal conditions in Germany.

"As you are aware there is incipient or practical Bolshevist control in many of the large centres: There is also a separatist movement in progress amongst the German States; there is also,—ap-

parently largely supported—a movement towards the election of a constitutional assembly of some kind.

"Viewing the German Empire from a food point of view, there will be no hope of saving these people from starvation if Bolshevist activities extend over the Empire in a similar manner to Russia, with its sequent breakdown in commercial distribution and in the control and distribution of existing food. The extremes to which such a situation can extend are well exemplified by the already practical depopulation of the cities of Moscow and Petrograd and such a situation would not be confined to two cities as in Russia, but to thirty cities in Germany, and the saving of the German people would be absolutely hopeless if the normal commercial and distributive functions and food control should cease, as it certainly would under a Bolshevist régime.

"Again a political separatist movement amongst the German States would produce the same situation that we have in the old Austrian Empire, where some sections of the Empire have a surplus of food and by practical embargoes are creating food débâcles in other centres. We must maintain a liquidity of the existing food stocks in Germany over the whole Empire, or again the situation will become almost unsolvable.

"In order to visualize to you somewhat the problem, if we say that the normal consumption of the German people, without restraint, is 100, the Ger-

man Empire within its old boundaries must possess today somewhere about 60% of this quantity. If there is distribution and control, the population can probably go through without starvation on something like 80% of normal, and therefore the problem is to find 20% by way of imports. If there is an extension of the Bolshevist movement or extension of the separatist movement, so far as food is concerned, we shall have some localities consuming 100 out of their local supplies and feeding any surplus to animals. The problem will be unsolvable by way of the available supplies in the world for import because the total consumption under such conditions would run a great deal more than 80% and all this aside from the almost impossible complication of dealing with distribution in the hands of such highly incompetent agencies as Bolshevist committees.

"It would appear to me, therefore, that some announcement with regard to the food policies in Germany is critically necessary, and at once. . . ."

There seemed to come to the German people a realization of the errors committed during the war, and with it came bitter hatred by all classes of the old régime which had so completely deceived them, especially as regarding the food supply and the economic situation. The bitterest feeling was entertained for Von Tirpitz and the navy in general, which was held to have done nothing but commit

errors. Von Tirpitz had always been hated by the Socialists, who, it will be remembered, were even before numerous though impotent in the Reichstag. Now Von Tirpitz was hated by all classes, primarily, we gather, because his submarine policy was alleged to have brought America into the war, and finally because the navy's frustration largely helped bring final defeat.

Because of the pronouncements of the President the German people seemed to feel sure that the position taken by America would be favorable to them. They were right in surmise, but wrong in the motives ascribed to America. An early evidence of what this position was to be is given in America's immediate efforts to bring about relaxation of the blockade.

CHAPTER III

THE ARMISTICE BLOCKADE BATTLE

When Foch, Marshal of France, and Wemyss, First Lord of the British Admiralty, sat in the railway car near Compiègne in November, 1918, dictating conditions of the Armistice to Germany through Herr Erzberger, it was their intention to enforce German good faith by the maintenance of a controlling blockade of Germany's intercourse with the rest of the world.

Marshal Foch probably recalled many occasions in military history when, in an armistice, subsequent events had justified a suspicion of an enemy's intentions in a delay solicited mainly for purposes of gaining time to recoup shortages. Foch took no risks, maintaining the blockade "unchanged, and all German merchant ships found at sea are to remain liable to capture."

Here, however, entered the question of food for the Germans, the dire need of which Herr Erzberger, German armistice negotiator, never ceased to urge, and here also entered that freedom of intercourse most important to some hundreds of millions in Europe in working back to less intolerable conditions of life.

Erzberger's insistence on the dangers of starving Germany brought the already quoted assurance in the Armistice blockade clause that the Allies and the United States contemplated the provisioning of Germany during the Armistice as should be found necessary. If this recognized the need of feeding Germany but did not answer the other question of recovery of many peoples from war, it was hardly to be laid at Foch's door.

To all peoples, Allies and enemies, good ground could be found to prove that the continuance of such a blockade after cessation of military operations was as onerous to their own well being as it was effective in controlling an enemy. Not all knew it, or in the heat of passion, thought of it as such, but the blockade nevertheless remained an artificial barrier restricting normal working of an economic law, of benefit to all if there were free transport of commodities; of damage to all if not.

Marshal Foch and other allied military leaders patently considered that ending a war required complete annihilation of the enemy's power to menace. Therefore, continuation of the blockade appeared necessary. Yet when the Allies, upon the initiative of America, decided that Central and Eastern Europe must be fed as a first step in recovery, and it came to coordinating the blockade with relief and reconstruction, the complexities that ensued at once showed such coordination to be impossible.

Even when numerous commissions, agencies, and other bodies engaged in enforcing the blockade were incorporated under one Superior Blockade Council with an American, Mr. Vance C. McCormick, as Chairman, all elements still existed to cause continuous friction between the policy of the blockade and the efforts to get food to Germany in conformity with the Allied agreement.

Although an obviously sensible arrangement was to coordinate blockade with relief by close liaison between the Blockade Council and the Food Section of the Supreme Economic Council, it appeared this was not so apparent to some allied officials seemingly more intent upon military police considerations than upon those of general good. However, by insistence where needed, Mr. Hoover succeeded in effecting that liaison, at best only an expedient. In this conflict of policies, rough running was sometimes avoided by the efforts of such Americans as Mr. McCormick, Dr. Alonzo E. Taylor, Messrs. L. P. Sheldon, John Foster Dulles, C. A. Richards and George McFadden, appointed to represent America on the Blockade Council.

France subordinated everything to military necessity. Perhaps it was not sufficiently realized in official French circles that no country could pay a substantial reparation except through production and trade. And for this, movement of materials is essential. Nor did it appear to be seen in France that the continuance of the blockade hit French

industrial recovery a fearful blow. French thinkers would not admit that destruction of enterprise and prevention of recovery in enemy countries would have any effect on French recovery, and that the blockade meant over-high prices to be paid for goods by citizens of her republic. If they did understand it, then in spite of these considerations, the French Government deemed it much more important to hold this means of "compelling Germany to bow to our wishes," as Foch succinctly put it. If the blockade caused unemployment, stagnation, absorption of capital in consumable commodities all over Europe, "that, indeed, was to be regretted," the French seemed to say: "Complete German acceptance of our peace must be assured."

When a journalist said to Clemenceau that even though victorious, France could not endure competition with 70,000,000 Germans, his laconic reply, "Twenty-million too many," could upset for months the reconstructive efforts of twenty other statesmen.

If one considers circumstances of the preceding four years there is good reason for the French feeling. But it ran to excess of emotion and imperilled the economic welfare of the whole of Europe. The past did not alter the hard economic facts of the present.

Irrespective of any German utterances, Hoover fought the blockade from the first, starting into action on the first of January, 1919, in his memoran-

dum submitted to the President in which he brought out that raising of the blockade was far more important to the economic recovery of all Europe than its maintenance was in naval or military values.

Millions of people depended upon importations of foodstuffs. The German factory system primarily depended upon imported raw materials. It was plain that if the total German population was to survive and produce the tangible, material wealth with which to supply itself, her dependent neighbors, and to meet reparation obligations, large importations of food and raw materials had to be permitted.

Because of the effectual financial blockade existing, the use of internal resources for purchases of this essential food was then impracticable. The second alternative, of advances by the Associated Governments, was impossible to contemplate. We shall see why later. Therefore, to Mr. Hoover, it seemed necessary "to at once consider some modification of the present blockade measures that will establish production and exports with which to pay for food" at as early a date as possible.

Governmental action would not accomplish this. Only encouragement of private commerce could. Mr. Hoover recommended a first step of permitting the northern neutrals to trade freely with the Western Hemisphere. This step toward the restora-

tion of commercial life in Germany implied not only a relaxation of the absolute blockade measures as to movement of commodities, but also to an extent the liberation of finance and credits, and a certain movement of shipping. Mr. Hoover did not propose abandonment of blockade prior to peace, but he did urge opening the blockade to permit passage of certain agreed commodities for import and export, establishment of agreed avenues of credit operations, agreed channels of trade and communication, and the use of agreed enemy ocean ships.

To these proposals the President noted his entire agreement.

Financial delegates of the Allies, conferring with German representatives at Treves, January 16th, added their declaration that maintenance of the blockade in its complete form was incompatible with the decision of the Supreme War Council to arrange for feeding of Germany.

Germany had been promised foodstuffs. The financial difficulties were great. Paying cash for foods had the disadvantage of reducing the cash available to pay reparations. Governmental credits from the Allies and America for food were out of the question. Private trade connections between Germany and the Allied and Associated Powers had long been completely severed, and were not now permitted under the blockade conditions. The same was partly true of Germany's connections with

neutral governments, which were also under blockade restrictions.

Besides what seemed unjust control of the neutrals—an insuperable impediment to resumption of some kind of trade—how should Germany be fed if non-war materials could not move in by normal means?

A seemingly obvious solution appeared to be to permit Germany to arrange for her food supplies through the northern neutrals which would be allowed to re-export to Germany such needed commodities as grains, pork products, and condensed milk, to be supplied to the neutrals from the United States and the British Empire. While this appeared obvious to such men as Mr. Hoover, Lord Robert Cecil, to others it did not.

This proposed solution, permitting at once maintenance of the blockade, relief of the situation of the neutrals, and the easiest settlement of financial arrangements, Mr. Hoover put forward on January 18th in a resolution to the Supreme Council of Supply and Relief for urgent action by the Blockade Council. It was not approved.

Trying another angle, Mr. Hoover then went to courts of higher resort, the Supreme Council, with a similar measure for adoption as Allied policy. Toward the end of January he proposed "that Norway, Sweden, Denmark, Holland and Switzerland should be allowed to import unlimited amounts of foodstuffs and to be permitted to re-export foodstuffs to

Germany subject to the control of the Associated Governments, the aggregate amount of such re-exports, with other imports of foodstuffs by Germany, not to exceed the amount of foodstuffs which the Supreme War Council may, from time to time, have agreed to permit to be imported into Germany. . . ."

Appealing in further support of the case of the neutrals Mr. Hoover took the occasion to present the case again in a similar resolution in which he emphasized that the purchase of foods on credit by Germany through the neutrals or from South America did not trespass in any way upon the immediate assets of Germany that would be available for reparation purposes.

He reinforced these attempts by appeals to President Wilson and to the Food Ministers of France, Great Britain, and Italy: Messrs. Boret, Clynes, and Crespi. Extracts from these letters are enough to present their main effort.

To President Wilson 31 January 1919.

"I have been advocating these points now for nearly two months, and . . . we have yet no results, and I see no hope of attaining any such results except through strong intervention on your part. . . .

"We have no justification in humanity or politics in debarring neutrals from buying all the food they wish for their consumption now that we have ample supplies.

"There is so much obstruction that I despair even of getting it past the Supreme War Council unless some great world opinion is brought to bear. . . ."

Four days later, February 4th,

To President Wilson.

"There is no right in the law of God or man that we should longer continue to starve neutrals now that we have a surplus of food. . . ."

To Food Ministers Boret, Clynes, and Crespi.

In communications written as early as January 2nd Mr. Hoover had pointed out that the United States, by great efforts, had so stimulated food production in anticipation of supplying the Allies with food in the probable continuation of the war into 1919, that now that the war was over the United States were stocked with foods produced to create surpluses for the European Allies. Not needed by the Allies these foods were acutely needed by Central and Southern Europe.

"Viewing the world's food situation as a whole," the letter continued, "there is manifestly no surplus, even of American production, if the import of food into enemy, neutral, and liberated countries were released upon a normal scale. There would, in fact, be a shortage of some commodities.

"This increase in food production in the United States . . . becomes the supply through which the very life of many countries must be sustained, and

the American people wish it used in a sympathetic manner for these purposes. With literally hundreds of millions of underfed human beings in the world, the spoilage and waste of a large quantity of food in the United States cannot for a moment be entertained, either by the American public or by the Allies. Many of the American surpluses are of perishable character, and instant action is necessary to prevent waste as well as hunger. . . .

"Therefore, I am directed to inquire if you will not recommend to your Governments:

That you indicate as nearly as may be the amounts of these commodities which will safeguard your position from January 1st to the end of our crop year—July 1, 1919.

That all restrictions upon neutral trading be at once removed in these commodities.

That no objection be raised by the Allied Governments to direct or indirect sale and transportation to enemy countries or to the necessary financial transactions involved.

"It is our view that private trading will contribute materially to relieve the food situation in many parts of Europe, will relieve our various administrations of much responsibility, and effect its own solution of shipping and finance, and, as such trading must be the ultimate solution of all these problems, we should advance it as rapidly as possible."

All these pleas were in vain.

On February 6th, Mr. McCormick offered a similar resolution. French and Italian objections defeated it.

On February 27th Mr. Hoover once more attacked the subject by requesting the Food Section of the Supreme Economic Council to withdraw an old restriction that neutrals purchase foods through the Allied Wheat Executive. On March 6th it became necessary to withdraw this suggestion because of lack of shipping.

At last, on April 21st, the pressure of the force continually applied, brought final permission for Germany to import foods on her own account.

Thus came to a close the first and worst stage of this hard struggle, upon the results of which rested:

Elimination of the biggest obstacle in feeding war weary, half starved peoples in the Baltic countries, Poland, Czecho-Slovakia, Austria, Hungary, Roumania and the Balkans;

Relief of intolerable food shortages in Germany;

Relief of all but intolerable food conditions to the people of Norway, Sweden, Denmark, Holland and Switzerland;

Saving American food producers from loss of perishable foods, releasing these foods for shipment to Europe where needed;

The smoothing out financial difficulties in feeding Germany;

Getting 60,000,000 mobilized men in Europe back to productive labor.

But the blockade had not yet been lifted. It still remained in force. Only some of its regulations were eased. Against the will of Italy Hoover secured the opening of the Adriatic and the liberation of Turkey from blockade. Trading in foods though permitted was still hampered by a maze of intricate regulations and stifling restrictions. Mr. Hoover still fought for their complete abolishment. On April 21st he had carried the cause further, thus:

"We cannot fail to again mention what we consider one of the absolute fundamentals to constructively handle this situation," he said in a memorandum to President Wilson. "You and all of us have proposed, fought, and pleaded for the last three months that the blockade on Germany should be taken off, that these people should be allowed to return to production, not only to save themselves from starvation and misery, but that there should be awakened in them some resolution for continued national life.

"The situation in Germany today is to a large degree one of complete abandonment of hope. The people have simply lain down under the threat of Bolshevism in front and the demands of the Allies behind. The people are in a state of moral collapse, and there is no resurrection from this except through the restoration of the normal processes of

economic life and hope. We do think that it is worth one more great effort to bring the allied countries to realize that all the bars on exports and imports should be taken down without attempts at special national benefits; that the Germans should be given an assurance that a certain amount of ships and working capital will be left in their hands with which to restart the national machine.

"We feel also from an American point of view that the refusal of the Allies to accept these primary considerations during the last three months leaves them with the total responsibility for what is now impending. . . . We do not believe the blockade was ever an effective instrument to force peace; it is effective, however, to force Bolshevism."

Two days later a resolution was presented to the Blockade Council for complete removal of all restrictions on circulation of foods, except in respect of Bolshevik Russia and Bolshevik Hungary. The French again voted against it.

On the same day the Supreme Economic Council held a meeting to consider the remedy of the stultifying effects of the blockade. Speaking for the American delegation, Mr. Hoover again went over all the reasons for relaxation of the blockade which he had advanced beginning nearly four months before. First: maintenance of the blockade against Germany was politically against the interests of the Allies, and had proven so to be. Second: the only possibility of Germany paying reparations was to

permit her to feed her people so production could be resumed. Third: preventing the German people from resuming employment only fostered social disorder. Fourth: power of the blockade to enforce peace would probably be enhanced by holding the threat of its resumption over the head of Germany. Fifth: The German fleet had surrendered, the Rhine was in control of the Allies, and the blockade could be immediately resumed with none of the huge organization necessary while Germany had been a naval power.

Every measure which would advance the interests of France would be sponsored by the American delegates, and, Mr. Hoover continued, they felt that in the present action they were doing France the best service of which their government was capable.

A set of majority resolutions was then prepared and signed by the delegates of America, Great Britain, and Italy, who submitted them to the Council of Four without the signature of the French delegates. These resolutions provided that because of the grave conditions existing:

Restrictive regulations of open trade with the northern neutrals and Switzerland be rescinded;

Restrictions of German trade with northern neutrals, aside from certain specified exceptions, be removed;

Each Ally could formulate its own rules for trading with the enemy;

And that these suspensions could be reinstated if Germany became unmanageable.

Not until April 28th did the Council of Four give its decision. The decision was that although the Council appreciated the importance of removing these restrictions it would be preferable to take no action at that time. The Covenant of the League of Nations had been approved on this day by the Peace Conference. The time for presentation of the Treaty was near. It was not known if the Germans would sign.

The blockade was never completely withdrawn until Germany formally accepted the Treaty of Peace.

CHAPTER IV

DARK DAYS OF A NEW STATE

While these efforts were being made in Paris the march of events in Germany did not wait for their outcome. The direction taken by these events bore significantly on relations between the Allies and Germany in the food question. To see these events in Germany from the inside, the record must go back to mid-January, 1919, when Berlin citizens anticipated further bloody riots.

It may be remembered by those who watched reports from Berlin then that after a battle of three hours against Spartacist forces lodged in the Vorwaerts Building, during which field guns and bomb throwers played their part, the three hundred Spartacists inside finally surrendered. Attacks carried out against other buildings held by these forces brought more prisoners into the government net. Finally Noske with his emergency police induced the hitherto timid cabinet to lay hands on Karl Liebknecht and Rosa Luxemburg, foremost leaders of the Spartacists. During the proceedings the two met violent deaths. Guerilla warfare was by no means ended, but the deaths of those leaders marked a turning point in Berlin's reign of terror, the gov-

ernment taking additional courage with each new Noske success.

When, at the end of a few days, nearly a thousand suspects were confined under lock and key in Berlin barracks, large stacks of captured rifles, hand grenades, machine guns, and ammunition stood as tangible evidence of the government's obtaining the upper hand. Berlin Spartacist press then appealed to "stop the bloodshed" which the Spartacists had started. Herman Noske was considered by Spartacists and Communists to be a German capitalistic prototype of the Russian Djerjinsky, and to them was "the most hated man in Germany."

Contrasted with the whole-hearted fury of the Russian revolution, that in Germany was a mild enough affair. But it was bad enough, and no one knew how much worse it would get.

In Stuttgart, Munich, Leipzig, Wurtemberg, Baden, Hamburg, and other centers stiff action generally brought a lull in which the elections of delegates for the first Constituent Assembly were not greatly disturbed. Thus, manifestoes of the Ebert-Scheidemann Government that the new revolts would be put down, general elections safeguarded, that endeavors would be made to guarantee freedom of the press and of public meeting to the German people reached partial fulfillment.

When even the Berlin *Rote Fahne,* chief organ of the Spartacists, admitted defeat, a successful

counter-revolution by extreme radical elements was no longer apprehended.

The Provisional Government had barely maintained itself, but got little credit for it. "The remnants of old Imperial Germany saved the Government," said critics. "Not the Ebert-Scheidemann government but the Potsdam Guards restored order." Reactionaries came to the aid of Republicanism.

There seemed no guarantee in this victory against further strife on other questions which until then had been pushed into the background by the vigor of the Spartacist disorders.

The killing of Liebknecht and Rosa Luxemburg while in the custody of the authorities was bound to evoke desire for revenge. Thus in February came a violent disturbance at Magdeburg where a troop of armed men equipped with machine guns opened the prisons and released all inmates, breaking open and plundering stores. There were also threats of general strikes, and military mutinies by Soldiers' Councils at Eisenach, Erfurt, and Gotha, in Thuringia.

Strike movements going on throughout Germany threatened the Provisional Government and put the first National Assembly on the quicksands of unrest. In the Ruhr Valley each week brought news of more miners out on strike, vitally hitting coal production which had decreased 50 per cent in November, 60 per cent in December, and 70 per cent in

January. 150,000 men were out on strike in the Ruhr. Against what? Something that presaged impending industrial catastrophe. In Berlin nearly 300,000 were out of work. In many parts of Germany railways had but four or five days' coal supply, train services were further curtailed, industrial plants and gas and waterworks continually closing down because of strikes and lack of fuel. All this, however, became overshadowed by the coming elections for the Constituent Assembly to be convened at Weimar.

Preliminaries, even there, induced a certain nervousness when the first detachment of Prussian troops sent to Weimar to maintain order were disarmed by Saxon forces upon arrival, but this ebullition of sectional feeling was soon amicably adjusted.

The German National Assembly opened in the Court Theatre at Weimar February 7th, Ebert presiding in far from auspicious circumstance. Undeniably widespread dislike of Ebert and Scheidemann even among working classes; the killing of Liebknecht and Rosa Luxemburg never satisfactorily explained; and the movement to deprive workmen and soldier councils of all political power, all contrived to put the government in an attitude of defense. During the first week of March there were more bloody conflicts between Noske's troops and the Spartacists in Berlin.

That government troops sent to Bremen to restore

order, instead of entering the city contented themselves with negotiations from outside with the armed Soviets of Bremen, appeared an ominous sign of weakness.

At Weimar the general elections returned the Majority Socialists with 11,000,000 votes, giving them 163 out of the 423 seats. This made them the strongest party in the National Assembly, yet unable to control that body without the assistance of the Democrats, a bourgeois party, with 77 seats, or the Center, or Catholic Party, with 88 seats. The other seats were scattered among minor parties. The Center Party, under the leadership of Erzberger, was inclined to work with the Majority Socialists. The Independent Socialists who affiliated with the Spartacists, although holding but 22 seats, were strongly opposed either to any concessions to conservative elements or any statement of more radical principles of Socialism. The significance of this election was that the German people were for moderation. They showed their opposition to both reactionary and Bolshevist tendencies.

Divergent aims even within parties soon became evident in the strong criticism evoked by the draft of the Federal Constitution published by Dr. Preuss of the Department of the Interior, whereat the government took such alarm as to disclaim its identification with the measure. Preuss' proposed dismemberment of Prussia in order to strengthen the

central authority of the Reich called forth particularly strong opposition from the conservatives and naturally became one of the main issues of the Prussian elections.

Liberal and radical Socialist press continued to express alarm at elaborate preparations made by Noske for a thoroughgoing reorganization of the much reduced national army, now feared as a nucleus for rebirth of Pan-German power, and reversion to militarism. This created still another element of unrest.

Furthermore, all the eastern provinces lay in a state of nervousness from constant recurring rumors of Polish invasion of Upper Silesia, rumors of Czecho-Slovakian mobilization, and of Russian Bolshevik advance along the lower rim of the Baltic Sea. Troops would have been despatched to eastern borders, and Noske did make recruiting efforts for this purpose, which failed because soldiers' councils opposed enlistment from fear that this might mean a camouflaged recruiting of so-called imperialistic white guards.

The assasination of Kurt Eisner, the radical Bavarian Premier, by a reactionary fanatic, and reprisals against bourgeois members of the Bavarian Diet increased general apprehension. The Bavarian Soviet Government fell and a period of strife and confusion followed until order was reinstated by Government troops.

All these questions would have come in for fuller discussion in the German press had it not been for paper shortage.

Despatches flowing into Paris Peace Headquarters painted Germany's problems, in truth, as being so extraordinarily difficult that even the victorious opponents dared not hope for any solution before the signature of peace, if then. It was a notable feat that Germany held together at all.

In all the complexities of political, social, and economic cross-currents seven distinct manifestations marked the main forces of Germany's desires and motives during that period. In first place was lack of food, tingeing all other manifestations with a certain hysteria.

Second, as "the most unkindest cut of all" was allied expropriation of former German colonies, at which popular indignation throughout Germany rose in constant protests, the tenor of which is best left to the imagination.

Third, this led to fear of other equally onerous terms in the peace treaty to come, such as the dreaded loss of Upper Silesia, the Saar basin, Danzig and Memel.

Fourth, stood a real fear on the part of conservatives and bourgeoisie of internal Bolshevism, or of Russia forcibly importing the Soviet scheme through Poland. Many extremists, both on the left and right of the radical group, actually welcomed such a contingency. This leads to

Fifth, constant effort to use Bolshevist dangers as a threat to the Allies not to go too far.

Sixth, hope that America would lead the way to a "fair" peace lay always as the only way of averting general European, and particularly German, ruin; combined perhaps in

Seventh, straw-clutching hope in the League of Nations.

Outstanding from a mass of bitterly complaining public utterances was one strong note on German feeling towards America in Erzberger's utterance of February 12th:

"All of us, particularly including these blocks of the people under influence of Ludendorff's former propaganda service, who doubted America's disinterestedness realize today that America is animated by a serious will to fight in a practical way for international reconciliation. We can acknowledge this openly because between the German and American peoples at no moment during the war was there a wall of national hatred.

"Above everything else we hope that America will succeed in convincing other countries of the world that it is not merely in the egotistic interests of Germany, but in the best interests of the entire world, if Central Europe is occupied not by an eternally smouldering heap of ruins but by a laboring, newly founded, social democracy. . . ."

Being the third year of extreme food shortage, German public complaint of hardship had long since

passed from the sensational stage into dispirited repetition which to those investigators coming from the outside was in itself an indication of the stage of hunger reached.

In Herr Ebert's opening address at Weimar, he passed over the food shortage with the bare comment that all knew the responsibility could not be attached to the revolution for a situation now in the third year: "Hopeless economic conditions were a heritage from the old government."

There appeared to be no revival of spirits at the projected supply of food by the Allies. Most journals seemed not to have much confidence in the result, like the Berlin *Zeitung am Mittag* in its remark that "very little relief can be expected from the quantities promised," while the organ of the Berlin stock exchange, *Boersenzeitung*, warned against optimism "since the quantities granted are small indeed for a nation of seventy millions and there is no guarantee forthcoming of regular supply."

By recalling the Treves Conference, where only preliminary quantities for imperative needs had been promised, the amounts of future deliveries only vaguely discussed, one can comprehend this feeling.

We do not need endlessly to quote statistics of food shortage and undernourishment and their bearing on events in Germany and on conference relations with German representatives. The first gov-

ernment's continuation in power depended on the food situation. It had promised the people both bread and peace. It had to redeem the promise if further revolt were to be avoided.

Doctor Alonzo E. Taylor, American investigator in Germany, had on February 11th telegraphed his recommendations for Germany's minimum food supply to Mr. Hoover in Paris. He recommended 320,000 tons of flour, or equivalent, and 100,000 tons of mixed pork products monthly for six months; 10,000 tons of condensed milk, and 10,000 tons of vegetable oils monthly for four months. Also that Germany should be allowed to trade in her stores of wares then stored in Scandinavia. Germany should have the right to trade in the North Sea. He calculated that these measures should raise the average rations in Germany to 2,450 calories per person per day, or just about the minimum standard necessary to maintain the average individual over the starvation line.

The food to be brought into Germany by Americans before the signing of peace did not mean an increase in rations but only that the amount of nutrition hitherto available could be maintained. The program represented compromise between nutrition needs, raw material, transport, and finances, and was approved by leading nutrition experts. For their information the American investigators had gone discreetly to scientific men and professors, rather than to officials. Being intellect-

tuals not afflicted by blind patriotic fears, these experts gave clear statements of facts. Most of them had been opposed to war anyway and were glad to talk freely to someone.

In spite of a certain vagueness in Germany's knowledge of the Allies' food plan, a distinct advance in morale from the food agreement became noticeable after the food agreement was reached—an advance not unconnected with hopes that America would give large credits.[1] In the United States itself it was clear that public sentiment for giving large credits to Germany was not yet evident toward a nation so recently her enemy. War feelings were still strongly present.

However well those in America who devoted some thought to such questions, including those directing government policies, may have realized the sharp distinction between the former militarist group conducting the war, and the German people, the fact remains that American public sentiment towards Germany in 1919 had by no means cooled from the acts that forced them into war and kept them there until but three months back. No American administration that advocated loans to Germany then, of whichever political party, could have won anything but defeat at the hands of the American

[1] Among others we may mention one such expression by the Berlin *Deutsche Allgemeine Zeitung*, Feb. 10, 1919, which promised that future negotiations would relate particularly to that point.

Congress and loud disapproval from the American people.

This did not prevent America from wishing to give the new German Republic every practicable facility to start a new life for the people in Germany, nor did it slacken American efforts to give such aid as it could.

CHAPTER V

SHIPS

At the time of the Armistice all indications pointed to a surplus of allied shipping. Loading of war materials stopped at once. It was no longer necessary to allocate shipping for convoy purposes. Submarine sinkings ceased, as did delays in passage due to precautions against that menace. Ships for transport of American troops to France were no longer needed. It would be some time before normal demands of peace would reach the stage of demand for ships. There was an apparent surplus of ocean going tonnage.

Forseeing this supposed surplus, all allied shipping controllers rushed most of their available bottoms on long voyages to the Argentine, Australia and the Far East, for the cheaper foods available there.

Soon new factors came up which jumbled these calculations. Instead of a surplus of ships an acute shortage shortly became apparent. Hardly any allied shipping body foresaw at the time of the Armistice the necessity of immediate transport of immense quantities of food supplies to the blockaded countries of Central Europe. Also there was

immediate need of ships to transport homeward-bound troops to America, South Africa and Australia urgently demanded by public opinion in those countries. Besides these two major necessitous employments of shipping, other unanticipated factors appeared, bringing delays to the turn-around of ships and removing a number from carrying service. Among these were the labor troubles that came immediately with the withdrawal of the patriotic urge, causing port congestion in nearly every ex-combatant country. The threat of a general strike in England, involving coal miners, dock and transport workers, made it necessary to double-bunker ships for round trips, greatly cutting down cargo space. Sudden and extensive need for repairs which had been put off during the war, removed many vessels from service. Because dislocation of railways left docks congested, and because of shortened labor hours and slackened work, the loading capacity of ships was reduced by over 30 per cent of normal. That is, transport of a given quantity of supplies required one-third additional ship tonnage.

In summarization, to quote Mr. J. A. Salter, Secretary of the Allied Maritime Transport Council: "The combined effect of these causes was a stringent tonnage situation in March, 1919 comparable in its actual difficulties (in spite of the increase in the number of ships and the decrease in real requirements) to the worst period of the war."

Whatever might be the exact amounts of food that had to be transported overseas for the starving populations of Eastern and Central Europe and Germany, allied statesmen soon began to realize that those quantities must be large. If Germany was to be supplied with food, ships were essential to transport that food. Because of this shortage of ships, the second Armistice Convention of January 16, 1919 provided:

"ARTICLE VIII. In order to insure the food supply of Germany and the rest of Europe, the German Government will take all necessary measures to put the whole German merchant fleet, for the duration of the Armistice, under the control and under the flags of the Allied Powers and of the United States, assisted by a German delegate. . . . *This agreement in no wise prejudices the final disposition of these ships.*[1]

"For the use of these ships suitable payment will be made, which will be determined by the Allied governments. All the details, as well as the exceptions to be made in regard to the different categories of ships, will be settled by a special Convention which is to be concluded at once."

With this second Armistice negotiation developed a controversy between Germany and the Allies that soon seemed to deadlock the possibility of Germany's receiving any of the food which every one

[1] Author's italics.

so strongly represented as essential to life and to order in Germany. Among the German inspirations in this controversy may have acted another of those numerous misconceptions of America's temper. Germany's new representatives apparently counted upon American sentimentality to secure for them a better bargain with the Allies. It became evident that Germany's representatives were feeling out the mettle of America in her association with the Allies. The Germans were probably unaware that the above cited shipping clause in regard to food came directly from the Americans themselves. As early as December 1, 1918, Colonel E. M. House, on behalf of President Wilson, wrote as part of a letter to the several Allied Governments:

"I have given much thought to the formation of the most practicable means of carrying into effect the resolution presented by Colonel House at Versailles to the effect that the Supreme War Council in a spirit of humanity desired to cooperate in making available, as far as possible, supplies necessary for the relief of the civilian population of the European countries affected by the war. . . .

"The one essential to this plan in order that the world supplies may be brought into play is that enemy tonnage shall be brought into service at the earliest possible moment. It would appear to me entirely just that the enemy shipping in consideration of relief of enemy territory should be placed in the general food service of all the populations

released from the enemy yoke as well as enemy territory. . . ."

The thought in this last paragraph of Colonel House's letter is the key to the whole ensuing controversy. The ships were needed for transporting food supplies from America to the bankrupt and hungry states, Germany itself, Finland, Poland, Esthonia, Latvia, Lithuania, Hungary, Austria, the Balkans, and Turkey and Armenia.

The essence of the German effort to avoid contributing shipping is of course their apparently then justified fear that this was a move on the part of the Allies to get hands on German merchant shipping.

Without going deeper into these involved probabilities, we may recapitulate:

1. Allied shipping was insufficient to get food to Europe, including Germany, in time to meet the desperate need;

2. German shipping lay idle in ports. It was obviously right and proper that it be employed to transport her own food and food for starving Eastern and Southeastern Europe, denuded of supplies by the German occupation armies;

3. The Allied request for these ships for this transport of food *in no wise prejudiced the final disposition of these ships,* as clearly stated in the second armistice convention.

Delegates of the Allies under Vice Admiral Sir George Price Webbly Hope, Deputy First Lord of

the British Admiralty, met delegates of Germany under Unterstaatssekretar Edler von Braun at Spa, Belgium, February 6, 1919 for discussion of the question of ships for transporting food.[2]

Opening the conference, Admiral Hope made clear that provision of food was conditional on due execution of the shipping agreements of the Armistice Convention. Herr von Braun agreed that the provision of food, the handing over of ships and the securing of credits were all part of one transaction.

Then and there arrangements were made to supply Germany with the preliminary quantity of foods most urgently needed: 250,000 cases of condensed milk and approximately 30,000 tons of pork products, total value 125,000,000 gold marks, or about $30,000,000. For these Germany was to pay 100,000,000 marks in gold and 25,000,000 marks in Dutch, Swiss and Scandinavian currency. The supplies were to be furnished from British stocks of American origin, for which the U. S. Food Administration coincidently arranged replacement orders on America for practically the entire amount. As rapidly as shipping arrangements could be made the foods were delivered by the British to Germany through Rotterdam.

At the same time the German delegates stated

[2] Delegates: E. F. Wise for Great Britain, Colonel James A. Logan for the United States, M. J. Max for France, L. Stobbia for Italy. For Germany, Bezirksamtmann Merz, Carl Vorwerk, Richard Merton.

their monthly needs from March to August were 400,000 tons of wheat and 100,000 tons of fats and meat, to which the Allies replied that the request would be considered provided satisfactory financial arrangements were made by the German representatives.

The German delegates intimated they expected to obtain additional neutral credits for foodstuffs but seemed unwilling or unable to give indication of the amount save that they had compiled a list of goods ready for export amounting to some 300,000,000 gold marks in value. They appeared to cherish some hope that they might be supplied by the Allies with credits for foods.

As the meeting progressed it became increasingly evident that the shortage of food in Germany was accentuated by and itself accentuated difficulties of transport and production. Lack of coal, in holding up the railways, further upset distribution of food. Miners on short rations, particularly as regards fats, produced about one-third the quantity of coal per man as compared with normal production. The German delegates expressed grave anxiety lest the short supply of food and raw material, further retarding return to normal industrial conditions, might not at any moment drive industrial workers into a class revolution.

Because all these problems were interrelated, the German delegates much desired the Allies to treat questions of food and raw material, of finance and

transport, as a whole. Obviously, they stated, if reparation or indemnity was to be obtained German industry must be restarted. To restart required food and raw material.

The sharp contest in the food ship question began to develop between Germany and the Allies about the end of February. On one hand stood the Germans, emphasizing the dangerous state of their populations. There were official warnings of anarchy and the fear of the march of the social infection then ravaging Russia.

On the other hand sat the French, from whose comments it might appear that news of nutritional conditions in Germany lacked proper substantiation. Essentially occupied with questions more intimately French, they seemed not particularly concerned with the question of feeding the German people.

The Americans and British provided the third angle. In the American view, common sense, humanity, and an eye to future peace of the world demanded that the German people receive food, provided their representatives showed willingless to cooperate in its acquisition and transport. Conditions already recited necessitated that Germany pay for the food, as well as help transport it. The Allies could hardly be expected to make further sacrifices in donating free food to their enemy if that enemy could possibly pay for it. America was ready to supply the food and needed the use of ships for

its transport. Germany showed no intention of delivering the ships.

So another meeting was arranged for the 4th of March at the Hotel Britannique at Spa. There Admiral Hope stated that no food would come into Germany until substantial progress was made in supplying ships, citing the definite terms of the Armistice. He again laid stress on the impossibility of revictualling Europe without the use of German shipping. Already, food shipments had suffered one month's delay because of non-delivery of German ships.

Detailed discussions from the German side followed which almost reached the stage of bickering, involving complications of freight charges for the use of the German ships, and other questions of purely technical interest. The crux came when Herr von Braun declared his government was "of the opinion that the delivery of the German merchant fleet must begin from the moment when the revictualling of Germany with foods was secured. . . ." Although he conceded the delivery of the vessels must precede the import of foodstuffs, he wanted a contract until the next harvest. The 370,000 tons of cereals from the Argentine were not enough.

So the discussion went on. The Germans fought for a definite agreement, but without committing themselves to the delivery of ships. The Allies, because Germany had lost the war and because it was Germany that needed food, conceived it

should be Germany that should first furnish the shipping.

At the same time Herr von Braun switched to an appeal that Germany had not food enough to last to the next harvest, that the government had to know the exact quantities that would come, otherwise it would be forced to cut down still further the rations of the German people. He delineated the dangers;—the "political and economic consequences."

The Allies replied that they wished most earnestly to assure that the "Associated Governments are in no way disposed to underestimate or overlook the importance or the urgency of the conditions referred to but there is a state of war existing . . . and in such circumstances the Supreme War Council drew special importance to the great regularity of proceedings . . . until the ships have been handed over it is not possible to consider additional supplies beyond 270,000 tons." [3]

More discussion developed that Herr von Braun could not definitely state their position without communicating with his government. The next day's meeting was hardly more than an iteration of the day before. The instructions received by the German delegates evidently told them to stand firm, although there were half compromises on both sides. The final allied compromise was that: ". . . subject to immediate delivery of the German merchant fleet,

[3] Plus the 100,000 tons expected from the Argentine.

it is the intention of the Associated Governments to facilitate the provisioning of Germany from month to month subject to the decision of the Supreme War Council as to quantities and conditions. . . ."

Herr von Braun could see no assurances in this. While communication was again sought with Weimar, the Allied delegates waited. Shortly before midnight on the same day (March 5th) the answer came, a letter from von Braun: ". . . telephone communication from Weimar . . . cannot . . . put the German merchant fleet at the moment under control of the associated governments without the food supply of Germany being assured . . . much regret if . . . necessary to break off the present negotiations . . . beg once more consider. . . . If the proposed solution is not at the moment practicable . . . reassembly of the conference would serve no useful purpose."

Admiral Hope and his colleagues dictated a farewell note to Herr von Braun, the engine was ordered attached to the special train, and the delegates returned to Paris.

Parallel to the still unsettled difficulties of shipping ran those of financing Germany's food supply.

CHAPTER VI

FINANCING NUTRITION

To the peoples of Eastern Europe and the Balkans, America was already giving large credits and outright food gifts to the peoples in those areas. Because of German military requisitions, Germany was held responsible in America for that necessity. At that time no great public urge was evidenced by the American people to contribute large sums to feed the people who stood as their recent enemies.

Nevertheless, from some source, many in Germany drew hope that America would foot Germany's food bill with credits. More than this, an expectation appeared in certain circles in France that America would do so. France wished to be assured that Germany would not expend assets which could be used for reparation payments. In the eyes of the Americans, furnishing credits to permit German resources to be kept intact for reparations to the Allies failed to call forth approval. American delegates gave no encouragement to it. In fact, it never reached the point of serious discussion. American objections were as decided as their reasons were powerful.

Next came the idea of finding means of supply

in part by reopening channels of German trade with South America, the Germans to arrange their own credits through existing trade affiliations.

The third plan of financing food for Germany, as has been explained, was that of modifying the blockade to permit food imports from the neutrals, payment to be made by Germany with commodities such as coal, dyes, potash, etc., or credit to be given by neutrals for future deliveries of such exchange.

The fourth plan was for Germany to pay in gold and negotiable securities for her food.

Before these plans could be fully discussed and settled between the Allies, there was in January 1919 pressing need of immediate food deliveries to Germany. For these immediate needs, preliminary food deliveries were made for which Germany paid about $30,000,000 in gold marks and foreign exchange. Some of these preliminary supplies were also paid for from the proceeds of German cargoes standing in neutral ports at the time of the Armistice.

Feeding of the population in occupied areas was arranged for under the various allied commanders, the Germans being permitted to secure credits in Holland to pay for these, by which Holland forged one more link in the long chain of her invaluable neutral services between Germany and the Allies.

Temporary deliveries out of the way, the larger problem of supply of Germany to the harvest of 1919 came up for settlement, an undertaking of large

magnitude involving deliveries of $80,000,000 a month for over five months.

First, as has been said, the possibility of America furnishing credits for these deliveries, being broached, was quickly disapproved by the President.

Mr. Hoover alternatively proposed the possibility of Germany opening credits in South America. This, however, appeared not popular with either the French or the British, particularly the French, as the blockade struggle indicated. As one minor obstruction a fear was expressed that the presence of German emissaries in South America could bring dangerous results through possible secret political activities.

"I cannot believe," said Mr. Hoover, "that two Germans, carefully searched, could possibly upset the political equilibrium of the world any more than it is at the present unbalanced."

Eventually when approval for some sort of arrangement in this direction was secured, to be carried out under control of the Allied Wheat Executive, the Germans attempted the measure, but the results were of no appreciable magnitude until too late for the supplies to reach Germany before the 1919 harvest.

Coincidently came up for consideration the plan of allowing Germany to finance her food imports through northern neutrals. Aiding both the major problem of Europe's reconstruction and the more immediate material problem of financing food for

Germany, this plan would seem to have been dictated by common sense.

Under this plan, Germany could pay for her food, as she was trying to do, for instance, by buying food in Sweden against coal exchange deliveries in the following year; by the delivery of cotton in payment of part of the debt to Switzerland, thereby opening chance of new credits in that country.

Running foul of the blockade, this plan of financing Germany's food also came into conflict with the provision of the Armistice which prohibited export of gold or securities. The blockade not yet released by the Allies, the plan failed except for some comparatively small permits being given for cash purchases in Holland and Denmark.

There were other plans, too, of lesser possibility or partial effectiveness, like that of rental of ships of the German mechant marine, sale of sequestered securities, credits for exports to the Allies, and the deposit of neutral currencies. These dropped into the background and may, for simplicity, be allowed to stay there.

The above four main plans were each favored by chief representatives of one of the Allies and because each worked either for his plan, or against one of the other plans, the road to solution was a hard one.

The four financial plans and the blockade question had plenty of exercise jostling to and fro between the Finance Section and the Food Section

of the Supreme Economic Council; the Council of Ten; the Council of Four; and among the various delegates on each, not to mention the respective food and finance ministers of the several states.

When these plans, projects, recommendations, or resolutions did emerge from their arduous peregrinations, often mutilated beyond the recognition of even their parents, they would finally be thrown back and forth between the Allies and the Germans sitting in conference. The remains always came back to Mr. Hoover's office at No. 51 Avenue Montaigne, there to have new life injected into them and again be trotted out—or interred.

We would only pile up endless confusion if we tried to follow them in their exciting but weary wanderings before and between the times they were discussed between the Allies and the Germans. Back in Berlin and Weimar, too, plans on finance and ships had uncertain adventures, which are best left to conjecture.

Days, weeks, months, were passing. Steadily food conditions in Germany became worse, growing unrest sporadically burst out, the political situation in the new German Republic jumped between chills and fever, and the smoke of Bolshevism, hitherto only seen hanging in the sky beyond the Russian border, began to permeate through all Central Europe.

If Germany was to be fed, and if she was not to be allowed to trade, or was to have no loans

from the Associated Governments, then presumably she would have to buy her food with tangible resources. Therefore, there remained but the payment for the food with Germany's liquid assets, such as foreign securities, neutral currency, and gold marks. Mr. Hoover saw little favor in this plan, except as a last resort. However, the way in which the matter of neutral credits dragged out because of the blockade restrictions made it necessary that the direct payment plan be adopted if any food at all was to get to the German people.

The Finance Section, Supreme Economic Council, on February 26th, accordingly approved a resolution to this effect:

"The Finance Committee sees no other way of feeding Germany immediately than by agreeing to accept payment in any form acceptable to the country supplying the food (including gold or the supply of gold redeemable later by neutral exchange or otherwise). This method could be terminated if Germany could arrange for neutral credits by the resumption of trade into neutral countries and need only be contemplated until such trade is rendered possible by the raising of the blockade."

As the blockade was not raised the plan eventually went into effect, in spite of objections from France. Part of the payments under this plan were to be made by crediting to the food account charges for hire of the ships which the Germans were to turn over for the transport of food.

Although the preliminary necessity, that of delivering ships for food transport, still stood uncomplied with, German delegates at Spa on March 5th acquiesced in the financial arrangements. "The German Government," said Herr von Braun, "in spite of the most serious reasons to the contrary, has decided to put foreign values at the disposition of the Allies for the payment of the foodstuffs."

The Allies' financial policy being finally settled among themselves, their representatives and those of Germany assembled on March 13th in the Hotel Astoria, Brussels. So far the German Government in spite of constant and energetic efforts, had not succeeded in modifying the allied stipulations for the turning over of the German merchant marine. There was, therefore, some suspense as to the outcome of this conference.

The suspense, largely on America's part, was that concern for the economic wrack and ruin continuing in Europe, and for the successful issue of the economic and humanitarian measures to which America had definitely committed herself.

Part of the record is a memorandum of Mr. Hoover's bearing the date March 21, 1919:

"Why We Are Feeding Germany"

"From the point of view of my Western upbringing, I would say at once, because we do not kick a man in the stomach after we have licked him.

"From the point of view of an economist, I would say that it is because there are seventy millions of people who must either produce or die, that their production is essential to the world's future and that they cannot produce unless they are fed.

"From the point of view of a governor, I would say it is because famine breeds anarchy, anarchy is infectious, the infection of such a cesspool will jeopardize France and Great Britain, which will yet spread to the United States.

"From the point of view of a reconstructionist, I would say that unless the German people can have food, can maintain order and stable government and get back to production, there is no hope of their paying the damage they owe to the world.

"From the point of view of a humanitarian, I would say that we have not been fighting with women and children and we are not beginning now.

"From the point of view of our Secretary of War, I would say that I wish to return the American soldiers home, and that it is a good bargain to give food for passenger steamers on which our boys may arrive home four months earlier than will otherwise be the case.

"From the point of view of the American Treasurer, I would say that this is a good bargain because it saves the United States enormous expenditures in Europe in the support of idle men and allows these men to return to productivity in the United States.

"From the point of view of a negotiator of the Armistice, I would say that we are in honor bound to fulfill the implied terms of the Armistice that Germany shall have food.

"Let us not befog our minds with the idea that we are feeding Germany out of charity. She is paying for her food. All that we have done for Germany is to lift the blockade to a degree that allows her to import food from any markets that she wishes, and in the initial state, in order to effect the above, we are allowing her to purchase emergency supplies from stocks in Europe, at full prices.

"Taking it by and large, our face is forward, not backward on history. We and our children must live with these seventy millions of Germans. No matter how deeply we may feel at the present moment, our vision must stretch over the next hundred years, and we must write now into history such acts as will stand creditably in the minds of our grandchildren."

America's action started as soon as the Armistice loomed as an early possibility; the arranging of all plans for the purchase and shipment of food supplies for Europe (Germany included in the plans); purchase orders actually released some hours before the cessation of hostilities; and the first food ship, rapidly followed by others, loaded with food for Europe and started on its way from New York on November 16th, 1918, five days after the Armistice was signed.

Appropriately enough this was the *S.S. Western Hope,* followed by other emissaries laden with food; the *West Lashaway,* sailing on November 29th; the *Western Plains* on December 4th; the *Western Scout* on the 7th; *West Alasco* on the next day; and the *Fairmont* on the 20th. These ships were despatched without destination, first importance being to get them under way. All that was known was that they were for the "European Program," the vanguard of the fleet of over one hundred food ships that were to follow.

Since it is a longer voyage from New York to East Mediterranean ports the first five ships were directed that way by wireless sailing orders, the sixth, the *Fairmont,* with a cargo of flour, being the first to Rotterdam where it arrived and was unloaded January 4th.

Had the Allies found a way to agree immediately on finance policies for feeding Germany, or seen their way to relax the blockade; had the Germans contributed ships for food transport, then the first delivery of food to Germany could have been made at Rotterdam from the first ship of food from America arriving there on January 4th.

For the whole European food program America needed over one hundred ships. The Allies and Americans felt that if the Germans needed and wanted food they could collaborate in shipping. If they did not so collaborate, then the Associated Powers could not see why food should be held back

from Central European countries in order to divert food ships to Germany.

As stated, the *S.S. Fairmont* with 6,283 tons of flour arrived at Rotterdam on January 4th. There it was. Some or all could have gone to Germany. Not so taken, its cargo was allocated to Finland. On the same day arrived at Rotterdam the *West Shore;* on the next the *Ossineke.* Their cargoes were allocated to Holland. On the 8th the *West Madaket* (cargo to Poland), on the 14th the *Absaroka* and the *Western Hero* (cargoes to five European countries), on the 16th the *Indianapolis,* on the 21st the *Nantasket,* and so on, until, up to March 25th, when the first delivery to Germany was actually made, an average of one shipload of food arrived at Rotterdam every four days, parts of each of their cargoes available to Germany had Germany complied with her shipping agreement.

It would be difficult to say that the United States Government, President Wilson, Mr. Hoover, the American Treasury, the United States Food Administration, the United States Grain Corporation, or the American Relief Administration did not act in time for feeding Germany.

Of course, food by the hundred-thousand tons could not be bought on the open market, loaded into ships, and transported over the seven seas without an outlay of money, including with each purchase an allotment of supplies for Germany, risks piling up each month, through December, January, Febru-

ary and March, when the matter of what finances could be arranged still hung in indecision.

It may now begin to be apparent why the Americans must have felt keen suspense on their way to the Brussels meeting, where it was to develop whether the Germans would agree to the only conditions under which the Allies would agree that America could turn over this food to them. Back of it all loomed the portentous question of what turn affairs would take if people in Germany were not fed.

The Allied Delegation, consisting of thirty-one members, proceeded to Brussels. Among the twelve British delegates were such able men as Admiral Sir Rosslyn Wemyss, First Lord of the Admiralty, and spokesman of the Allied delegation; Sir Joseph MacClay, British Shipping Minister; Mr. E. F. Wise; and Mr. J. M. Keynes.

On the American delegation there were but six. Mr. Hoover was the principal delegate, seconded by Messrs. Thomas W. Lamont, George Whitney (Finance), Commander George Barr Baker (U. S. Navy), Lewis Strauss (Food), and Hugh Gibson (Diplomatic Adviser).

Marshal Foch's representative, Commandant Le Rochais, headed the French delegation of nine members. Italy had three delegates; Belgium, one.

The German delegation headed by Herr Edler von Braun, Under-Secretary of State and Food Minister, assisted by Dr. Melchior of the Warburg bank-

ing firm, consisted of fifteen members, experts in shipping and food matters.

From his seat at the table, Mr. Lewis Strauss observed that between Germans on one side, Allies on the other, "there were no greetings or salutations, no amenities of any sort; proceedings marked by an impersonal rigidity. Herr von Braun stared at a spot on the table and addressed his remarks to no one."

Admiral Wemyss opened the meeting by reading a statement previously prepared, calling upon the Germans to say categorically whether or not they abided by the terms of the Armistice. The German spokesman replied with a curt "Yes!"

Thus ended, quietly and without dramatics, one of the most momentous controversies of the Armistice year. Settlement of details quickly followed. Admiral Wemyss delivered his statement, previously prepared in the Supreme Economic Council, to the effect that with the sending to sea of the German ships, the Allies would provide the necessary foodstuffs, subject to financial arrangements. There were details of these financial arrangements which have been previously discussed.

As German military forces withdrew at the Armistice or later from frontiers formerly occupied in the Baltic States, Poland, Roumania, and Serbia, these countries, left stripped of food supplies, of course were entitled to first consideration in the allocation of such aid as lay within the Allies' power to extend.

With world surpluses just enough to fill Europe's absolute minimum nutritional needs, the Brussels agreement had to limit the food allowed to Germany to 300,000 tons of cereals and 70,000 tons of fats per month.

The execution of the agreed plan was administered in Paris by the Allied Director of Relief, and was carried out by the United States Grain Corporation, the American Relief Administration and the British Ministry of Food. For the first time in history it fell to one group of men to calculate the food resources of the world, to secure the surpluses, and with them to feed a score of nations.

At the Brussels conference the Germans undertook immediate carrying out of the financial arrangements and the delivery of ships, evincing every desire to expedite necessary steps. It was now up to the Director General of Relief, in cooperation with the British, to deliver the food.

Had not the financial responsibility been previously assumed by Mr. Hoover and the food bought and shipped by the United States Food Administration probably two months more would have elapsed before regular deliveries could have been made. The large financial risk had been taken. The food was afloat. By the time of the Brussels Conference the American Relief Administration had sixty-five ships of food sailing the Atlantic Ocean, Mediterranean, Black, and Baltic Seas, bound for seventeen different European ports. The turning over of Ger-

man ships added 121 vessels to the allied food fleet, thirty-two of which entered service of the American Relief. These were despatched to the United States from French ports bearing American troops, to return with food cargoes.

The allocation and employment of these German ships on May 1, 1919, was as follows: Of the 82 German steamers in active service, 42 were in German food relief service, and two in other European relief service; 99 of those delivered were inactive because being repaired or refitted; and 226 were not yet delivered.

By June 1st 147 were in active service (86 in German food relief service and 4 in other European food relief service), 59 being repaired or refitted, and 198 yet undelivered. By July 1st, of the 178 in active service 114 were in German food service, and 7 in other European relief; 87 were in repair, and 134 not yet delivered.

It should be remembered that although all of the German ships in active service were not themselves employed in food service for Germany, though most of them were, neither were all the ships that were in German food service German ships. That is, when some German ships were allocated to other than relief service (38 in May, 57 in June, and 57 in July) it was because efficient operation demanded. More than equivalent allied and American tonnage was at the same time (and before) employed in European relief service. Because of the general ship

shortage caused by these vast food movements, the United States Shipping Board had early in March been forced to take twelve steamers of the American Great Lakes fleet and impress them into the trans-Atlantic food fleet.

While the first German steamers were starting homeward with the troops, an American steamer, the *S.S. Carnifax,* bearing 6,627 tons of white flour, put into Hamburg on March 25th, the first cargo delivered to Germany by the United States.

Mr. Edwin Sherman, of Chicago, formerly of the U. S. Food Purchase Board, and then one of Mr. Hoover's right hand men in Paris, took charge of the rather complicated transactions that were to follow. Mr. Edward M. Flesh had the responsibility of European management of the U. S. Grain Corporation. At Rotterdam, the Rotterdam Food Commission, established for the purpose, acted as the allied body which governed the transactions between the Allies and Germany. For the American account, direct dealings with the Germans and technical details of the deposit of gold, unloading ships, and reshipping into Germany were carried out by Mr. Walter Lyman Brown, who had already several years of experience dealing in such matters with German officials for the Commission for Relief in Belgium during the war.

Here at Rotterdam were the three Browns: Walter Lyman Brown, Field Director of the C.R.B., Rotterdam representative of the A.R.A.; E. W.

Brown, representative of the British Food Ministry; and Edler von Braun, Privy State Councillor, Under-Secretary of State, and Food Minister of the German Republic. Each characteristic of the best known of their national "types," relations between these three followed a path as smooth as might be expected so soon after the recent end of hostilities. E. W. Brown, fair haired, pink faced, blue eyed, every inch a Briton, had behind him in moments of disagreement the cool dignity of his Empire and that no uncommon trait of his race, a saving sense of humor in unessential differences. Walter Lyman Brown, blunt, incisive, quick thinking and acting, carried matters directly to the point in meetings and then betook himself to despatch the work. Edler von Braun whose heavy cast and bristling hair proclaimed his racial strain afar showed the breadth to handle major problems as common sense dictated, while also possessed of some of that passion for detail which directed him to fight for his objects through detailed cases rather than from the top down, as is the habit of Americans.

Usually, little cause for disagreement came up when principals dealt with each other. Von Braun's principal effort was to supervise selection and careful inspection of the foods delivered, while W. L. Brown, whose past experience with Germans in Belgium stood him in good stead, remained adamant in not permitting von Braun to secure this opening for bickerings over details. Mr. Brown had his instruc-

tions from Mr. Hoover, which read: "I would like to again repeat that in dealing with the Germans we are not trying to sell our food; that we are sacrificing relief programs in selling them anything, and we don't propose to haggle over any job of this kind. . . ."

Nevertheless, consistent with the needs of the Allies and neutrals, the requests of the Germans were observed. An enterprise of such proportions could not attempt to supply always the exact commodities desired by the German delegates, and they were required to accept cargoes as they came without regard as to whether it exactly suited their desires at the moment. As far as possible, however, without jeopardizing the welfare of other countries, the German program was carried out in accord with the German wishes. Mr. Edwin Sherman ruled that because the Germans were obliged to accept shipments as delivered the Americans should show themselves all the more particular to give them a fair deal.

To Versailles was invited a German financial committee for regular communication with the Finance Section, Supreme Economic Council. Herr Carl Vorwerk was President of this committee; Dr. Melchior, Chairman. A German financial agency handled matters at Rotterdam. American representatives were established at Berlin and Hamburg. They were Captain Robison (now Admiral), Commander Lehy, Charles T. Neal and Colonel W. B.

Ryan. They were to take up broader questions connected with food deliveries directly with the German Government, and also to assist by seeing that any relaxation of the blockade or free movement of coastal shipping agreed to at Brussels were actually put into effect.

There were all sorts of chances for misunderstandings in these operations not only between Allies and Germany, but between the Allies themselves. There were also opportunities for sharp practices which were frequently not ignored. An instance was the matter of bunkering American food ships with coal at the port of Hamburg. When these coal bills came in one gained a rather startling impression of the high value of coal in Germany. When German officials were advised that the Americans were charging the German food account the difference between the coal prices charged and the current market price for that commodity, the German bills for bunkering ships promptly came down.

The German gold for American food was to be deposited in the Nederlandsche Bank at Rotterdam or the Banque Nationale de Belgique at Brussels to the credit of Herbert Hoover, as Chairman of the United States Food Administration Grain Corporation, or to credit of the Secretary of the British Treasury for British deliveries.

The French government also contributed in a smaller way, mainly with some 55,000 tons of palm kernels. These kernels, which Germany had for-

merly secured from her African colonies, are chiefly of value for the properties of the vegetable oil extracted therefrom. France, then an importing country herself, after four and a half years of war, could not furnish relief quantities as large as those of the United States and Great Britain. Over 7,000,000 acres of France's agricultural land lay devastated and she could not at the time produce enough for her own people.

At Brussels it had been agreed that from the proceeds of coal delivered France by Germany under the Luxemburg Protocol, France was to apply the cost of food deliveries to Germany. Hoover and Davis found it increasingly difficult to get that done. This situation soon became embarrassing in American relations with Germans through no fault of either. France owed more to Germany for coal than she could supply in food. Mr. Davis accordingly arranged in the Supreme Council that each government carry their own account with Germany. By this means America assumed no responsibility for arrangements between France and Germany, and luckily so for France not only did not keep her agreement to apply Germany's balance of coal credits for purchase of food in other countries, but later even attempted (without success) to collect the gold for the palm kernels from cash balances held in Germany's favor by Great Britain and America.

The first cash deposits were made in Rotterdam March 22nd and 25th, 100,000,000 gold marks, or

about $24,000,000, to credit of the British for preliminary deliveries of foods from ex-American stocks. The next, on March 26th, was made for American account, 220,000,000 gold marks, or $52,000,000, in 2,200 sacks, deposited at Brussels. The Americans attempted no assay of the gold, nor did they weigh every sack, merely convincing themselves that it was gold in the approximate quantities declared. Only some test lots were weighed. Various sacks here and there were opened to see if contents really were gold; now and then gold pieces taken from these sacks were weighed separately.

By early April the rate of delivery of food made a demand for another deposit necessary. Some differences arose as to the depository. The Germans preferred Rotterdam because they considered the deposit only temporary, the gold being originally intended as security for payments to be made later in other form. If the gold remained in a neutral country it could still be shown in the returns of the Reichsbank. The Americans were sympathetic, but as they were holding the gold as collateral could scarcely consent to have it stand to the credit of a German bank. Some delay was occasioned by this discussion, but finally the deposit was shifted to Brussels.

About May 1st another demand was made for gold to cover supplies ready for delivery. There were again delays that rapidly ran into what threatened to become a serious situation.

To the Supreme Council Mr. Hoover wrote on May 1st that even if Germany completed May deliveries of gold (which was in doubt) "there is likely to be a serious deficit. The German delegates show great unwillingness to hand over further sums of gold. They pointed out also that the continuing depreciation of the mark, involving as it did a corresponding reduction in the prestige of the government with whom the Allies were hoping to make peace, was probably not in the interests of the Allies and certainly not in the general interest of Europe.

"Even if the immediate difficulties of finding gold to pay for May deliveries were overcome, it is obvious that food supplies for June, July and August cannot be provided on these lines. It is necessary to start at once shipments of fats and cereals from South America if there is to be any hope of providing the low ration which has already been agreed by the Allies to be the very minimum that Germany should have. . . .

"Whatever the political situation may be in June and July, it is obviously undesirable that the Allied Governments should not be in position to put food into Germany in those months if they want to do so. To avoid this, authority should be given at once for incurring the contingent liabilities involved by ordering food forward.

"Even if it is not possible for the Finance Section to make proper financial arrangements with the Germans at this moment, it is suggested that

authority should be given to the Food Section to take the necessary steps for securing that food . . . on the assumption that by some means or other the Allied Governments will either secure payment from Germany or take the responsibility of providing the credits to pay for the foodstuffs themselves."

The Supreme Economic Council assumed no such responsibility, leaving Hoover to assume it himself, or not, as he saw fit.

Mr. Max Warburg, German financial delegate, voiced the German doubts when he brought up the question if independently of any military or political events, the Allies would agree that German gold deliveries should be credited exclusively to importations of food. As the Allies had already formally agreed to that at Brussels, the Germans evidently felt that two identical agreements were better than one.

Two weeks passed without tangible solution, until, the situation reaching what appears to be its ultimate stage, we read in a letter from Mr. Hoover to the President that: ". . . we have a constant stream of nearly one-hundred million dollars' worth of food in motion toward Germany. With all the effort they make, they are scarcely able to keep pace with their gold and security payments with the actual arrivals in Germany, so that the total risk of this vast current of foodstuffs is now falling on my shoulders. If the current were stopped, it would mean we would

have to pile up large amounts of foodstuffs in Europe, a large part of which is not of the type at present salable to the allied countries. For instance, we are shipping rye, which the Allies do not eat, and types of fats of which the Allies have ample supply. We would have to face very great loss and seriously jeopardize the financial stability of the Food Administration. I have been willing to take the risk in feeling that without it peace and stability will not be secured, but I seriously doubt whether I have any right to involve you in the ensuing difficulties if I were to continue without your approval after I knew the gate to Germany would probably be closed."

The German attitude in this case was anything but encouraging, because of their distrust of the Allies and because of their difficulties at home. The Allies reluctant to take such risks, Hoover evidently considered in this case that having all the responsibility passed to him by both parties was more than was safe for the chances of meeting the obligations daily accruing in the United States.

One can deduce what must have been Mr. Hoover's thoughts from the cablegram he sent on May 13th to Mr. Edgar Richard of the A.R.A. in New York:

"The Germans have put into our hands to date about $72,000,000 gold. The food which we will be turning over in the next ten days will about equal that sum.

"We have repeatedly warned them that they must find more cash, and in the last few days we feel they are holding back on account of Peace negotiations. We have informed them that all deliveries . . . will cease at once as in view of the termination of other food programs and with approaching harvest we cannot take the risk of accumulating large stocks on this side particularly as against the uncertainties of their situation."

He then instructed the Grain Corporation to make no further purchases of any commodities; to ship no more food for the German program; and to turn over German boats to the Wheat Export Company for return loading with food supplies for the Allies, with the understanding the Germans could receive these cargoes upon proper payment.

It appears, though, that Germany did desire the program completed. Further communications led to definite promises of early payment, which finally came forth on May 21st. Two more payments followed, closing the program and the account on June 11th.

In the meantime the food was being sent to Germany through Rotterdam up the Rhine, and through Hamburg up the Elbe. From the end of March to September, ninety-one food ships arrived at German and neutral ports bearing American supplies for the German people, besides large stocks of food turned over at Rotterdam from stocks of the Commission for Relief in Belgium. These ships

were unloaded, 43 at Hamburg, 26 at Rotterdam, 8 at Bremerhaven, 5 at Emden, 4 at Stettin, 2 each at Bremen and Brake, and 1 at Amsterdam. Approximately 12 per cent of the food delivered was allocated to occupied areas of Germany, being distributed under control of the allied military forces.

In all, over 618,000 tons of flour, grains, fats, and so forth were delivered to Germany through the American Relief Administration, including supplies of the Commission for Relief of Belgium. The total German payments for same were 1,055,000,000 gold marks, or roundly about $250,000,000. About 25,-000,000 gold marks of this were derived from sales of foreign securities from which the Germans had hoped to realize a ten-fold amount.

Popular belief might have it that no medium of payment could be better than gold, whereas, received in such large lots at such a time, it was by no means easy to realize on this gold. Originally it had been taken merely as collateral security to be held until payment was made by other means. These other means, however, did not appear, and Mr. Hoover found himself overwhelmed with gold difficult to convert into money to pay the huge outstanding bills for food.

The British promptly secured loans from the Bank of England for the gold they had received, but as late as June 12th, Mr. Hoover's receipts for the gold were nil. It still lay in storage at Amsterdam and

Brussels, while in America the Grain Corporation and the Commission for Relief in Belgium, which had helped finance the German shipments, were having to borrow money pending liquidation of the gold.

Eventually the plan worked out was for the Federal Reserve Bank to buy the gold from these two organizations, holding it for six months, for which interest was charged to Germany, then to melt it down and sell it at the value paid. Holding it for six months was to give Germany the chance to redeem it if she desired, although indications were that she would not be able to do so.

To avoid transporting the gold to America, it was transported from Belgium and Holland to London where the Bank of England held it as the property of the Federal Reserve Bank. Even shipping the gold to London was rather a ticklish job, for, as Mr. Davis, Assistant Secretary of the Treasury, drily remarked: "Should a discrepancy occur, it might cause some confusion and embarrassment."

Germany did not redeem the gold, but before it could be transported from London to New York Germany urgently requested Mr. Hoover for some sort of settlement of the balance remaining in her favor, needed to meet certain pressing obligations. In conference with the Federal Reserve Bank Mr. Hoover got the Bank to agree to a settlement on the basis of estimated assay value and costs of transportation of the gold. This settlement the Germans

agreed to as final, and a balance of some $14,500,000 was placed to Germany's credit in New York.

Some time later after transporting the gold to New York and final assay the Federal Reserve Bank discovered an excess over estimates of some $343,000. Although the account had been finally settled to the satisfaction of Germany, Mr. Hoover, anxious that no profit whatever should accrue on this food account, turned over this surplus to the German Government.

Although there had been an effort on foot in France to have all the remaining food account balance turned into the reparation account, the Germans had agreed to no such accrediting. Mr. Hoover, for the United States, would be no party to such violation of agreements. All balances were accordingly credited in New York directly to the account of the German Republic.

The German Government was considerably surprised to receive this money after having executed final release. Herr Bergmann called personally upon Colonel Logan in Paris to express the thanks of his Government for the treatment accorded, saying that the German Government "could not have expected this from any other of the Allies than America." In his subsequent letter of acknowledgement he said:

> Referring to the letter of June 23rd by the President of the United States Grain Corporation to the German Finance Minister which you kindly have handed me to-

day and in which a supplementary payment of about $343,000 is offered to the German Government out of the "Food Account," I wish to express to you my sincere appreciation of the fact that Mr. Herbert Hoover has decided to make this payment to the German Government notwithstanding a complete discharge was given by the German Government as early as March, 1920, with respect to the said "Food Account." I wish you would convey to Mr. Hoover this acknowledgement of his action. . . .

CHAPTER VII

AMERICAN DOLLARS IN EUROPE'S HOPES

Getting food into Germany after the modification of the blockade was fairly simple compared with the difficulties of getting food supplies through into the interior of countries of central and southeastern Europe. To meet the desperate need of those populations in the broad belt from the Baltic to the Adriatic and Black seas supplies had to be rushed overseas to carry them through until the 1919 harvest. The longer ocean haul, through mine laden areas to disorganized ports accentuated shipping difficulties. At ports like Danzig, Trieste, Salonika, Hamburg, and others began the infinite troubles of internal transport over broken down railways, their functioning interfered with by the false barriers of a dozen new states. Transportation systems had to be virtually taken over by the hastily gathered staff of the Director General of Relief. The so-called liberated territories supplied were Finland, Esthonia, part of northwest Russia, Latvia, Lithuania, Poland, Belgium, northern France, Czecho-Slovakia, Roumania, Yugo-Slavia, part of south Russia, and Armenia. The ex-enemy coun-

tries supplied were Germany, Austria, Hungary, Bulgaria, and Turkey. Allied and neutral countries supplied were Denmark, Holland and Italy.

During the Armistice year these relief importations reached the total of about 4,760,000 tons of food valued at over $1,147,600,000. Of these, $870,000,000 worth or nearly 77 per cent came from America; from the British Empire about $120,000,000 or 10 per cent; from France and Italy about 2 per cent each; about 4 per cent was furnished jointly by the United States, France and Italy; and about 5 per cent from other countries.

Of the United States deliveries in 1919 approximately 20 per cent were sold for cash, 77 per cent on credit, and 2.2 per cent given as charity. The charitable donation largely for child feeding amounted to about $19,300,000 given by the U. S. Government and American charitable organizations. Of the deliveries from the British Empire, administered by Sir William Goode, British Director of Relief, about 65 per cent were sold for cash, 32 per cent on credit, and 3 per cent, or about $3,500,000, given as charity. Taking into account the stringent food situation affecting every class of person in the United Kingdom their share represented real self denial. American charitable organizations acting independently during this period contributed relief to the value of possibly $80,000,000, bringing America's charity contribution during the nine months in 1919 to over $100,000,000.

To carry out efficiently the relief program the Director General of Relief had to take over temporary control of railroads of central and southern Europe; establish and control some 10,000 miles of telegraph and telephone lines; arrange barge shipments on the Danube, Elbe, and Vistula; initiate exchange of food commodities between central and southern European States; arrange shipment of certain U. S. Army stocks in France; ship and distribute considerable quantities of American Red Cross clothing; establish and administer a temporary exchange system between America and Europe by which Americans were enabled to send some $7,000,000 to relatives in impoverished countries; [1] assist in the importation of raw materials; and in general take charge of restorative machinery as yet not functioning under the new governments.

Even in the midst of all the preoccupations of feeding Europe and negotiating a peace the far more complicated problems of post-war reconstruction had to come in for consideration. From America's part in the war the European naturally expected her part in the peace to be a leading one. But in further European alliances after peace America's path was not so clear. It was by no means certain that continuation of allied economic organizations in the same forms as during the armistice year was either desirable or possible. Nor was President Wilson's party possessed of any mandate for entering agree-

[1] Including Germany.

ments as important as those which organization for Europe's rehabilitation would entail.

Efforts of the British were to draw America definitely into a continued formal allied economic council which would control German imports, regulate and allocate her supplies, a sort of perpetuation of war control of world material movements. The American delegates were not for it.

The French in a similar effort sought to bind America after peace to certain war commitments. The American delegates lost no time in making their position clear;—that all economic arrangements binding the United States completely went out of force with the signature of peace and bore no relation to any subsequent arrangements that might be entered. Nevertheless it was desirable that some economic cooperation continue.

On the day before President Wilson's final departure for America Mr. Hoover presented recommendations on Europe's problem. We quote the principal part of his memorandum to the President:

I am deeply impressed with the necessity for coordinated action with the granting of private and public credits and in the supplying of raw material and food to various countries in Europe.

It would seem to me to be a disaster if we allowed our merchants and bankers to extend either American private or public credits to governments in Europe who did not maintain stability, who did not cease hostilities,

38591

and who do not busy themselves with sound economic reconstruction and return to production.

I would like to lay before you for consideration whether it would not be desirable to set up some sort of an economic committee in the United States representing the different departments of the Government and such other persons as you might select, who would, in a general way, pass upon the policies to be pursued by the American Government and people in these matters. Such a council could quite well have relations with similar councils set up in other countries and could no doubt effect a great deal of constructive order towards rehabilitation in Europe without submerging American policies in these matters in those of foreign governments.

On the next day, the day of the signature of peace at Versailles, the Council of Four, as one of its last acts, discussed the question, deciding that some form of economic consultation be continued, requesting the Supreme Economic Council to consider it.

On July 10th, the Supreme Economic Council recommended that pending some organization by the League of Nations an international economic council be formed to take over the inter-allied organizations then existing, creating new machinery where necessary. Its first session was to be held at Washington in September. On this day, July 10th, President Wilson was presenting the Peace Treaty and the League Covenant before the U. S. Senate.

In a jointly signed cable to the President, Mr. Hoover and Mr. J. F. Dulles, member of the

Supreme Economic Council, set forth their recommendations:

It is desirable that the U. S. Government should show no disinclination to join in any real world necessity.

In order that coordinated, efficient, and disinterested action can be taken by the United States it is desirable that some sort of committee be created within the United States comprised of the heads of departments bearing upon credits and foreign relations, such a committee to determine the broad policies to be pursued in economic assistance to Europe.

We have the feeling that if these matters are left solely to an organization of bankers it will create distrust both at home and in Europe, and may be charged with economic exploitation no matter how wise its intentions. Such a governmental committee could coordinate our economic support so as to maintain political stability in Europe without stifling individual initiative.

The problem of American sentiment, as has since been demonstrated, was not so simple as some European statesmen thought. In a letter to Lord Robert Cecil, Mr. Hoover, sensing the difficulties of the situation at home at this time, attempted to picture them to European eyes:

I have been giving a great deal of thought to the question of international economic organization and I would like to express to you my own views as to one particular feature. I start with the assumption that not only is the economic strength of the United States needed for the recuperation of Europe but that its strength needs

mobilization for its advantageous application, and that this assistance should be coordinated with the assistance that can be given by other countries in order to produce the maximum results at the least cost and risk. Furthermore, in the unstable state of many governments in Europe there needs to be some coordination of these matters to maintain stability.

I feel that there is going to be a great difficulty in getting American support to organize this matter because of the present state of public opinion in the United States, in its lack of confidence in stability in many governments, the very natural reaction against risk and entanglement and the very considerable fear that such organizations are directed more with a view to bringing pressure on Americans to do more than their just share or to effect discriminations against the United States, or to stifle the proper recuperation of individual effort. It is an illusion in Europe to feel that the American people must find a market for their surplus commodities and therefore that they can be dictated to as to their method and terms.

Beyond this again, the Americans who have been connected with international economic problems during the war are now practically without exception retiring from office and the control of these matters will in certain cases rest in the hands of men who, while not lacking in sympathy, are to some extent lacking in experience with the necessities. There is no question that these economic relations during the next year will entail a great deal of risk upon the American people and there is a rather natural feeling that the United States belongs to another hemisphere, that they have intervened in Europe in the

first instance from a military point of view in order to prevent a great disaster to civilization, that their intervention was the final weight which prevented this disaster, that they have tried to set up some great preventatives against its repetition from a political point of view with not altogether encouraging success, that they have also been called upon for a great effort in the prevention of the greatest famine that Europe has seen since the Thirty Years' War, and that in all of these things they have sought no political or economic advantage but have expended an enormous national effort which comes home daily to every taxpayer.

As I see it, if the real hope of the American people that the world is to be better is yet to mature it can only be done at the risk of their economic strength in provision for this recuperation and that the whole matter must be placed upon a plane of service if it is to have the right results. I know, from vivid experience, that the American people are capable of the most enormous sacrifice in the sense of service, if this sense is awakened to an emergency. It is precisely this awakening that I have in mind. It cannot be accomplished by any combination of bankers and manufacturers centered in Wall Street. That very operation would in the end tend towards the defeat of the objects which we all have in view. The representative of the ideals of the American people is not a combination of its banks or its merchants, and it is necessary to secure the realization of the American people through other sources than these.

My concrete proposal is that the first meeting of the International Economic Council should be held in Wash-

ington, that it should be attended by European Ministers of the first importance. Its very meeting in the United States will emphasize the world importance of the problem and the men who should comprise it will constitute an enormous call to service of the American people.

As a matter of practical fact, there is nothing much that can be constructively done between now and the first of September except the liquidation of the agencies that have been handling war problems. Treaties must be ratified. Commissions must be set up. It will be of the most profound importance that European officials of high place should meet the American problem face to face with American officials of equal position. Their combined conclusions will inspire confidence and mutual trust and the established intimate relationship will be the first guaranty of success.

In reverse, if some international body is set up in Europe and attended by some American, no matter how important, it will not awaken the imagination in the American people and whoever he may be his authority will not extend beyond his powers of persuasion on other American officials. At the time when the United States went into the war it was thought proper to send to the United States great officials of the European Governments to present the necessities of the Allies. If this emergency is any less important than that of the Spring of 1917, then my view is that any international cooperation is unnecessary. Either it is worth putting on a sufficiently high plane or it is not worth doing at all, and any lower plane will immediately amass behind the effort oppositions of a hundred different varieties.

By the time this letter reached Lord Robert Cecil he had already tendered his resignation from the Council. It shortly developed that the various cabinet ministers found they could not get to Washington in person, but could only send delegates. For this reason, and pending the outcome of opposition to the treaty in the U. S. Senate, the matter had to be dropped.

Coincidently, the British Government was concerning itself individually with European rehabilitation problems. Shortly after signature of peace Great Britain took its first reconstructional step when the British Board of Trade was authorized to give long term contracts for export of British goods. The scheme was practical and worked, but the total credit authorized (£26,000,000) was small in relation to Europe's huge need.

In spite of some of Germany's miscalculations of the American spirit, and consequent maladroit tentatives for financial and other aid, her expectations can not be called unreasonable. Sentiment or public feeling has little to do with trade or money lending. Of all the countries which had cause to hate Germany, Belgium would naturally claim first place. Yet with all the hate of Belgians for Germany and everything German during the occupation, it was not six months after the Armistice before trade between the two countries was flourishing.

One of the earlier definite plans for rehabilitation of Europe was that of Mr. Hoover, drawn up about

the middle of May 1919, six weeks before the signing of the peace. This plan outlined Europe's primary necessity for war materials, currency rehabilitation in certain countries, possibly some food on credit to certain countries, and the special treatment demanded by the situation in Germany and Austria.

For the accomplishment of these objectives five tentative suggestions were made:

1. That the War Finance Corporation under strict control of the U. S. Treasurer be given Congressional authority to insure repayment of certain bills of acceptance for raw materials, the bills to be primarily accepted by both the purchaser and the state bank or government of the country concerned, and negotiable in the United States at the Federal Reserve Bank.

2. Congress to appropriate not exceeding $500,000,000 for advance to certain countries approved by the Treasurer in form of gold or treasury credits to be used as the basis of currency issues. This measure to be contingent on England and France undertaking similar operations. The borrowing countries were to abide by such currency control as might be determined; the lending countries to have a representative on the national issue banks as long as such credits were outstanding.

3. That all Allies be relieved for three years of interest obligations on their debts to America, conditional on their doing the same thing among themselves and upon establishing similar facilities to those outlined above.

4. The United States Wheat Corporation to have authority to sell wheat on credit to the extent of

$1,000,000,000, but these credits only to be given in extreme cases and for short dated securities.

5. The Treasury to have authority to require countries to which War Finance Corporation acceptances were given that remittances and exchange payments from America pass through a central channel and be charged to liquidation of outstanding bills.

6. As in the case of Germany the first four measures might be unsafe, it should be arranged for Germany to issue bonds ranking above reparations payments (except Belgian priority), the Germans to be authorized to give these bonds as security for utilization of the acceptances and credits provided above.

Because of the political situation that later developed in the United States over the peace treaty these plans were not presented to Congress. Partly because of the personal feeling against President Wilson which rapidly grew after his return, partly because of a popular mistrust of "political scheming" of Europe's diplomats, American political sentiment showed itself preponderantly against any entanglements. Any governmental commitments in Europe's affairs at the time were plainly against popular will.

On the other hand, as American financial leaders expressed it, the war had thrust financial leadership on America, leaving her Europe's creditor to the extent at that time of some $12,000,000,000. Leadership entailed responsibilities, responsibilities in no wise diminished by not being accepted. Public

sentiment pulled one way. America's financiers knew that America could not afford complete isolation as long as she remained financially involved.

As the Government had its hands tied, both before and after the 1920 election, others took proposals in hand. The first was a statement issued by eminent public men and bankers of the United States, Great Britain, and neutral nations of Europe proposing that: "The Chamber of Commerce of the United States designate representatives of commerce and finance to meet forthwith (the matter being of the greatest urgency) with those of other countries . . . for the purpose of examining the situation . . . and to recommend what action in the various countries is advisable among the peoples interested in reviving and maintaining international commerce." This move brought slight tangible result but was useful in calling attention to the urgency of settlement of a great problem.

Speaking of the position of the Government at that time, Secretary of the Treasury Glass said: "The governments of the world must now get out of banking and trade," and, referring to continued governmental control of finance, and to inflation: "The American people should not in my opinion be called upon to finance and would not, in my opinion, respond to the demand that they finance the requirements of Europe insofar as they result from the failure to take those steps necessary for the rehabilitation of credit. . . ." More followed that bore

semblance to a lecture on the failure of Europe to balance its budgets. Mr. David F. Houston who succeeded Mr. Glass as Secretary of the Treasury reiterated the policy of his predecessor.

A more forward view was that of Mr. Frank A. Vanderlip who in February 1920, when chairman of the American International Corporation, made two proposals, one for the formation of an international bank of issue, and the other that the United States devote all European debt payments to the reconstruction of productive industry in Europe, conducting the latter strictly as a business proposition secured by liens on the industry aided.

"It is impossible for Europe, left to itself, to rehabilitate itself industrially," said Mr. Vanderlip in advocating his plan. "The salvation of Europe lies in some method being formulated so that sufficient credit can be had and properly allocated to furnish the raw material which will enable industries to get started. . . . It is to America's interest from every point of view to furnish as much as it can of absolutely necessary food and raw material on credit, so that the old industrial order may be resumed, and that exports in sufficient amount to pay for the needed food and raw materials may be speedily produced. . . ." This international bank plan had many points of similarity with that of Mr. Hoover's earlier plan of Treasury credits as backing for currencies in certain countries.

In the meantime, on December 24, 1919, the President approved the Edge Bill designated to stimulate granting of private foreign trade credits by authorizing the incorporation of international or foreign banking operations under the supervision of the Federal Reserve Board. Much was expected of this measure.

The next important American proposal was that made four months later by the late Mr. H. P. Davison of J. P. Morgan & Co. when he urged a United States Government credit of $500,000,000. He proposed supervision of this to be exercised by such men as General Pershing, Mr. Hoover, and ex-Secretary Lane. In his plea Mr. Davison said in effect: We spent $50,000,000,000 ourselves and advanced $10,000,000,000 to the Allies to attain victory, why not less than one per cent of this to help assure that peace?

The objects of both the Vanderlip and Davison plans received more or less strong support from such leading men as Messrs. George E. Roberts, Vice President of the National City Bank; Samuel M. Vauclain, President, Baldwin Locomotive Company; Edward A. Filene, Director International Chamber of Commerce; Judge E. H. Gary; Silas Strawn, President of the Illinois Bar Association; Fred I. Kent, Vice President, Bankers' Trust Company; Thomas W. Lamont; James Sheldon, of Lee, Higginson and Company; John F. Sinclair, President, John F. Sinclair Company; Henry Morgen-

thau; and a host of others, including many economists and writers.

Sponsoring any credit system that would apply itself to the world's requirements, Mr. Samuel Vauclain declared that in becoming a creditor nation the United States was concerned, "whether willingly or not, with the development of the whole world. . . . It is America's opportunity; it is America's duty,—we should respond to the call."

Judge Gary in advocating some such unit as the American dollar as an international standard of value counseled America to "finance production in countries needing rehabilitation and purchase their supplies up to the limit of our ability."

Mr. Henry Morgenthau issued continual warnings of Europe's inability to get along without American aid. Mr. John F. Sinclair, although warning of the fruitlessness and hopelessness of America forcing Europe "to do what America, as an inexperienced school teacher, desires," nevertheless joined others in advocating participation in an international bank. Practically all of the above named, including others, like C. M. Wright of the American Federation of Labor, and Huston Thompson, Federal Trade Commissioner, at least advocated calling of an international commission, composed of principals, to discuss possible measures of clearing the situation.

Although 1920 brought forth some specific proposals in the question of financial aid to Germany, her question is so inextricably bound with that of

all continental Europe that any but consideration of the whole was useless. There ever remained the all controlling factors of European political distrusts and designs, particularly those of France.

At the meeting of 250 American bankers assembled in Chicago in December 1920 the formation was projected of a world trade corporation capitalized at $100,000,000 which under the newly passed Edge Law could extend credit to ten times its capital, or a maximum of $1,000,000,000. The corporation was expected to solve the situation created by the fall of foreign exchange values and stabilize the depreciated currencies of Europe. The project had been initiated by Mr. John McHugh, Chairman of the Commerce and Marine Commission of the American Bankers' Association. The formation of the corporation was sponsored by such men as Messrs. John S. Drum, President of the American Bankers' Association; Herbert Hoover, Julius H. Barnes, Paul Warburg, Senator Edge, and General George W. Goethals. Speaking in favor of the project, Mr. Hoover said in part:

> We must face the issue that the economic ills we suffer in a large degree arise from vicious economic circles that can be broken in one way only. That is by the establishment of credits abroad, not the dangerous short time credits in which we are already over-extended, but the long time investment in reproductive enterprise abroad.
>
> The social and economic demoralization of Europe,

the shifted economic relations within its borders, the slow progress of peace, renders Europe unable to buy largely today unless she receives credits of material and food upon which to rebuild her production and her exports. Even if we extend these credits and if upon Europe's recovery we then attempted to exact the payment of these sums by the import of commodities, we shall introduce a competition with our own industries that cannot be turned back by a tariff wall. Furthermore, the war has brought to us a transformation, in that we need to no longer export commodities in payment of interest or principal from capital that we borrowed in our youth. On the other hand, we have to receive vast quantities of imports in payment of interest and capital which we have already invested in Europe.

It is vital to every workman in the United States that Europe shall recover her production, shall right her exchange, shall recover her standard of living. . . . To me there is only one remedy and that is by systematic permanent investment of our surplus in reproductive works abroad. We have reached the position of many European States before the war that if we would continue our advancement and prosperity we must enter upon foreign enterprise. Short time credits on consumable commodities only stave off an evil day. They must be long time investments of that character of enterprise that will build up the standards of the world, that constantly recreate their power to absorb our commodities.

It is far better that these problems be solved by the process of business and individual initiative than that they be attempted by our government. The resort to direct loans by our government to foreign governments to promote commerce can lead only to a dozen vicious

ends. In such loans our great nation could not exact a higher rate than our government, and under these circumstances foreign merchants and manufacturers would obtain such loans as sub-contracts from their governments at lower rates than our merchants and manufacturers can obtain at home. Our government would be subject to every political pressure that desperate foreign statesmen can invent and their groups of nationals in our borders would clamor at the hall of Congress for special favors to their mother countries. Our experience in war shows that foreign governments which are borrowing our money on easy terms cannot expend with the economy of private individuals and it results in vast waste. Our government cannot haggle in the market to exact the securities and returns appropriate to varied risk that merchants and banks can and will exact. Finally, the collection of a debt to our Treasury from a foreign government sets afoot propaganda against our officials, against our government, and there is no court to which a government can appeal for collection of debt except a battleship. The whole process is involved in inflation, in waste and in intrigue. The only direct loans of our government should be humane loans to prevent starvation.

From the point of view of the situation of Europe this was exactly the time such non-governmental foreign financing was most needed. But, unfortunately for Europe, it was not the time for the American investing public. In short, Mr. Frederick W. Gehle, Vice President of the Mechanics and Metals National Bank, who conducted the campaign

to secure the $100,000,000 capital, was obliged after four months' effort to report the subscription of but $30,000,000. The sum was too small. That particular project had to be dropped.

In an effort to reach some orderly understanding between all nations of the complexities of national and international finance and exchange there was held also in 1920 the International Finance Conference at Brussels under the auspices of the League of Nations, attended by delegates from thirty-nine countries, including Germany.

At this meeting Mr. Roland Boyden, the United States delegate, found himself anomalously representative of a great country supposed to take leading part, but giving its representative only the function of attending in a "personal" capacity. To the rather sad amusement of the assembly he was obliged to state that though he knew all representatives present were only expressing personal opinions, he, "particularly, must be regarded as expressing only personal opinions."

Mr. Boyden showed the good taste of not attempting to lecture the finance ministers of the world on the virtues of balancing budgets and curtailing the printing of paper money. In the way of advice he had to content himself with that which Dickens put into the mouth of his spendthrift Micawber: "Twenty shillings a year income, expenses twenty shillings and six pence, result disaster; income twenty shillings, expenses nineteen shillings and six

pence, result happiness." The conference accomplished a great deal in the way of disseminating information to the world on financial situations, needs, and dangers. Its results were at least educative.

Notwithstanding powerful advocacy in America and England of one plan or another, the year 1920 brought forth no scheme that America was able to work.

The year 1921 started by bringing the plan of Dr. Ter Meulen, banker of Amsterdam, for an international commission to be appointed by the League of Nations to advance loans for the issuance of bonds by certain countries to be used as collateral for purchases abroad. This scheme met strong support in England and the neutral countries, as well as some support in America. It reached a measure of fulfillment which made the effort well worth while. Owing to the reparation tangle, however, the plan was not applicable to Germany.

Other projects from Britain came forth in that year such as that of Sir George Paish for an international loan, and that of the Federation of British Industries for the finance of export credits and the stabilization of currency. Neither got into action.

In America beginning with 1921 the War Finance Corporation was revived as had been Hoover's proposal in 1919. With its capital of $500,000,000 it was in a position to make loans when passed up to it and guaranteed by banking institutions. In the

hearings before the Senate Finance Committee on the Fifth Liberty Bond Bill in March 1919 the Managing Director of the Corporation had urged the necessity of extending long term credits to European buyers to permit them to buy from the United States until their own production and their exports could be brought back to normal. By an amendment of the above Act, Congress made the War Finance Corporation the agency through which governmental aid could be extended to American exporters, banks, or trust companies to enable them to extend the necessary credit to foreign purchasers.

After the passage of this Act in 1919 the exceptionally large loans made directly by the Treasury to foreign governments, the sales of surplus war department stocks on credit, and the large credit sales of food by the U. S. Grain Corporation and the American Relief Administration, made granting of credits by the War Finance Corporation not essential. But its potential powers of assistance were playing their part in the development of plans for financing exports. Not a few important transactions were financed by bankers in that year without assistance from the Corporation, the bankers relying on the fact that such assistance could be had if desired.

Before the Corporation suspended operations in May 1920 it had, however, granted direct export loans to the value of about $45,500,000 in addition to other loans of over $300,000,000 for domestic purposes, a minor portion of which undoubtedly

contributed to maintenance of export credit trade. After the Corporation again revived in January 1921 it approved loans for foreign financing of nearly $60,000,000, the bulk of which were to banks and financing institutions.

In the meantime large sums from America rushed into German coffers from "investment" in mark currency and bonds. Some of this came from German sympathizers in the States, some from more or less conservative people who were vaguely confident of Germany's quick recovery, but a great deal was pure speculation for great expected gains. Speculators playing to double their money may not call for much sympathy but there were also many poor innocents who got roped in. The whole wave of American buying of worthless bonds and marks netted the German Republic a sum variously estimated at from $500,000,000 to $1,000,000,000.

By the law of July 16, 1925, holders of German bonds, mortgages, and other securities who purchased them prior to certain dates are to receive payment according to a rather complicated set of terms.[2] In general, those who purchased securities prior to the inflation period can claim some slight percentage of the face value of their purchase. They can collect something but have suffered heavy losses.

[2] The terms of the law and the procedure to be followed by American claimants were issued to the American press by the German Embassy at Washington, Sept. 18, 1925. A full copy of them appeared in the *New York Times,* Sept. 19th, and the Foreign Securities Investor of Sept. 2, 1925.

Those who acquired securities after the "inflation period" are considered as speculators. Their claims are worth practically nothing. There is organized protest in Germany against these terms, but American investors should not be too optimistic in the hope of better terms.

After the middle of 1921 serious American buyers of old German bonds dwindled to almost nil. Such market as remained was frothy. In 1922 when J. P. Morgan and other American financiers went to Paris to consider a loan to Germany the unreliability of her position coupled with France's unwillingness to reopen the reparations question brought the conclusion "that lending money to a bankrupt with unknown and unlimited liabilities, to be immediately transferred to creditors who refuse to state the exact amount of their claims, was not good business."

The German Foreign Minister in 1921 had expressed the situation tersely when he said: "France refuses to permit us to make any start toward economic recovery. I admit that France will be taking some chances in letting us become economically strong, but she will have to take those chances or give up any idea of indemnity."

These words express as well as any could the German reasons and the French reasons why the efforts of England and the efforts of the United States to find some basis for the financial and economic restoration of Europe came to slight avail.

CHAPTER VIII

THE SALVAGE OF A NEW GENERATION

"We may count food in calories but we have no way to measure human misery."—Herbert Hoover.

In the countries of Central and Eastern Europe after the war, not including Germany, there were estimated to be over 2,000,000 war orphans. Hundreds of thousands more were refugees from Russia or other waifs astray in the general chaos of these territories that had been shut off from food supplies for over four years.

Under governmental supervision and with a Congressional appropriation of $100,000,000, the American Relief Administration came into being at the Armistice to furnish moral support and food supplies so these children could be brought back to normal condition. At the time of the Armistice, Americans were carrying the burden of feeding 1,800,000 children in Belgium and northern France. With utmost speed the system which had been installed in Belgium and northern France under Mr. Hoover's direction was spread over thirteen countries, to the destitute children among a population of 160,000,000 people.

During the Armistice year there flowed possibly

over $100,000,000 of American charity to the support of the children and destitute in those countries where governments were too disorganized to carry on. Five months after the Armistice 5,000,000 orphaned and hungry children among all this mass of humanity were living directly in the care of the American Relief Administration.

In the second year after the Armistice help was continued by the provision of $100,000,000 in American charity. With the harvests of 1919 and 1920 and some economic recuperation the burden grew less. Belgium, Serbia, and Roumania were able to care for their own destitute children. The Baltic States and Czecho-Slovakia made improvements.

During these years children were fed and clothing furnished by or through the A.R.A. to children in Finland, Esthonia, a portion of non-Bolshevist Russia, Latvia, Lithuania, Danzig, Germany, Poland, Czecho-Slovakia, Austria, Hungary, Roumania, Yugo-Slavia and Armenia. Besides the good worked by this great humanitarian effort it laid a foundation of humane ideals, and for America, in every country in which it operated. It is now an enormous, latent source of sentiment which, though it may lie dormant for years, will sometime, in moments of stress, be the most powerful influence for amicable international settlement.

When Congress in 1919 appropriated $100,000,000 for European relief an amendment was offered and

secured by Senator Lodge restricting ex-enemy countries from use of these funds. Because of this express restriction the funds were not applicable to Germany.

Soon after the Armistice, however, the American Society of Friends sought means of bringing relief to "stricken people in Germany and of healing the wounds of war." Mr. J. Henry Scattergood, acting for the Society of Friends, called upon Mr. Hoover in his Paris office in the Spring of 1919 to speak in behalf of charitable aid to Germany. Mr. Hoover replied: "Germany does need more than food, she needs even more the knowledge that someone cares. It is a good thing for Germany that someone does."

The American Society of Friends definitely identified itself with measures to aid Germany shortly afterward, in July 1919, by sending a committee of investigation to Germany composed of Jane Addams, Dr. Alice Hamilton, Carolena M. Wood, from America, with Marion C. Fox, Joan M. Fry, J. Thompson Elliott, Max Bellows, from England. Dr. Aletta Jacobs, a prominent Dutch physician, was asked as a neutral to make observations on health conditions. The committee reported alarming conditions of malnutrition among young children, particularly in the larger cities. Rickets, tuberculosis, and other diseases threatened to deprive a whole generation of German children of the fair chance which is the common right of every child.

In their statement of aims the Friends declared: "The German people are not only hungry, but dis-

couraged and in despair. They are without any aim or moral stimulant. They need friends. . . . The Society of Friends can best fulfill these needs. The peace testimony of Friends means not merely conscientious objection to war, it means an alternative to war—overcoming evil with good, hate with love. Friends are not disloyal to their country, but they desire to be supremely loyal to the spirit of Jesus Christ who commands us to love those whom men call 'enemies.' "

At first the Friends' work in Germany was confined to helping families whose male members were still interned in England and the United States, and in getting relief supplies to hospitals. In this earlier work the Friends accompanied every gift with the message: "To those who suffer in Germany with a message of good will from the American Society of Friends (Quakers), who for 250 years, and also all through this great war, have believed that those who were called enemies were really friends separated by a great misunderstanding."

In November 1919, after the transformation of the A.R.A. from an official into a private organization, Mr. Hoover procured assistance in finance which made it possible for the Friends to extend their energies to the real important work of mass feeding of undernourished children and mothers throughout Germany in the same way that these were being cared for by the American Relief Administration in other countries. Mr. Hoover's proposal is quoted in

the following letter to the American Friends Service Committee in Philadelphia:

November 17, 1919.

Friend Jones:

I beg to confirm the understanding with regard to our arrangement that you should further expand your organization of relief work for under-nourished children in Germany. As I explained to you, the European Children's Fund, under my direction, is at present engaged in the special feeding of some three million under-nourished children in various parts of Europe and there has been placed in the hands of this fund certain moneys for extension of this work to Germany.

There can be no question as to the need of further expansion of the service that your Society has been for some months carrying on in Germany. The vital statistics as to mortality and morbidity of German child life are sufficient evidence of this, aside from the personal knowledge I have as to the actual nutritional situation amongst children.

The food situation in all parts of Europe affects child life more than any other element in that community, because the destruction of cattle and the shortage of cattle-feed will continue the milk famine over this coming winter with great severity. Despite the suffering and losses imposed upon the American people through the old German Government, I do not believe for a moment that the real American would have any other wish than to see any possible service done in protection of child life wherever it is in danger. We have never fought with women and children.

I particularly turn to you, because I am anxious that

efforts of this kind should not become the subject of political propaganda. The undoubted probity, ability and American character of the Quakers for generations will prevent any such use being made of your service, and for this reason I propose that the funds at my disposal should be devoted exclusively to your support.

In order that you may have definite support upon which you may rely, the European Children's Fund will undertake to furnish transportation, both railroad and overseas, entirely free of charge to your Society for any supplies that you may wish to dispatch for child relief from the United States to any point in Germany, up to next July. This office will also, if you desire, act free of charge as purchasing agent for any such supplies, handling them in combination with supplies for the sixteen other countries where the work for children is in active progress. I understand that your Society is prepared to pay the entire overhead expenses of organization in the United States and of distribution in Germany and, therefore, any contribution made to you would be entirely expended in the purchase of foodstuffs ex-factory in the United States, with no deductions for management or transportation.

It is my understanding that your actual distribution in Germany is done through local German charitable societies already engaged in such work and will be supervised by Quaker delegates from the United States. I wish to express my appreciation of the wisdom of this basis of organization.

I believe there are many patriotic American citizens of German descent who will be willing and anxious to contribute to your Society for this work. I strongly urge upon all such well-intended persons to support your

Society to the extent of their resources. The need is great. Your Society has demonstrated its large abilities and sympathy. There will be no political complexion in your work. Subscriptions to you under these arrangements will secure a much larger result in actual food delivered than through any other sources.

HERBERT HOOVER.

This work the Friends gladly undertook upon the understanding "that in addition to being a mere feeding operation it might also be a real message of good will and encouragement from Americans to the German people in their time of sore trial."

There could be nothing in such a reservation not wholly acceptable. By the agreement made it became the duty of the American Relief Administration to make all purchases for the program, ship the supplies and unload them at Hamburg, loading the commodities into cars billed to the points designated by the Quakers. All details of organizing child feeding kitchens in Germany and their administration were to be carried out by the Quakers.

The need in all Central Europe as well as Germany was seen to be acute. The American Relief Administration soon found it had insufficient funds for the program already laid out for the Winter of 1919-1920. The needs appeared so great that Mr. Hoover decided to appeal to the American public for funds. For this appeal the European Relief Council was founded, the member organizations being American Friends Service Committee, American

Red Cross, American Relief Administration, Federal Council of the Churches of Christ in America, Joint Distribution Committee for Jewish War Sufferers, Knights of Columbus, National Catholic Welfare Council, Young Men's Christian Association, and the Young Women's Christian Association. Herbert Hoover was elected chairman, Franklin K. Lane, Treasurer. Professor Rufus M. Jones acted for the American Friends Service Committee on the Council composed of representatives of the above named organization. Other Quaker representatives were V. D. Nicholson as member of the Executive Committee and Wilbur K. Thomas on the Publicity Committee.

It had been estimated in September 1920 that a total of 3,500,000 ill, waif, undernourished or orphan children in Central and Eastern Europe would depend upon the various distributing societies for support until the harvest of 1921. To care for these it was considered $33,000,000 would be required, $10,000,000 of which was needed for medical service and supplies, and $23,000,000 for food and clothing.

To carry this appeal to a successful issue committees of public spirited people were formed in each state and principal city throughout the whole country. Altogether over 3,000 men and women gave their time and energies to this service. It is estimated that more than 7,000,000 persons contributed to the funds.

The original calculations made in September were based upon the prices of commodities, services and transportation then obtaining, but with the considerable fall in prices of food, clothing and transportation, it was considered that sufficient funds were in sight by the end of February 1921 to meet the needs, and the national appeal was closed in order not needlessly to encroach upon the many other charitable burdens of the American public. The total of donations in the United States exceeded $29,000,000.

In the campaign the American Friends' Service Committee secured subscriptions of about $861,000 largely from Americans of German descent. The additional sums needed for German and Austrian child feeding were met by the American Relief Administration from funds allocated by the Council to the American Relief Administration. The amount allocated by the A.R.A. for German and Austrian child relief from funds collected in the European Relief Council drive and from other donations finally reached a total over $13,600,000.

It had been expected that large support in this campaign would come from Americans of German extraction, and the special work of conducting the campaign among this class was intrusted by the Relief Council to the Friends. Many German-Americans generously contributed, especially the Wisconsin group, although of the total amount of $13,600,000 allocated for German and Austrian relief

from contributions of the American public, probably not more than $600,000 came from those of German extraction. Later, however, the Friends instituted another campaign in which German-Americans gave about $1,500,000, making the possible total from these classes about $2,100,000 or 14 per cent of America's contribution to German and German-Austrian relief. Notable in this campaign and in other efforts to aid Germany was the work of the German American Central Relief Committee, composed of prominent United States citizens of German extraction who devoted much time and attention to the needs of Germany. It should be noted that Americans of German extraction did contribute a vast amount in personal gifts direct to their own relatives and friends, the total of which can only be guessed. Funds for child feeding in British Occupied Territory came from British sources, collected by the Friends War Victims Relief Committee in London.

To describe briefly the situation of Germany's children upon which this appeal to the American public was based we turn again to Dr. Alonzo E. Taylor, reporting conditions in April 1920:

> Any statement tending to indicate that health of children in German cities is such as to make relief from outside world unnecessary is based upon ignorance of the situation. . . . Children in agricultural sections of Germany are in good condition. Throughout the country children in the first two years of life are well maintained, a fact partly dependent upon heavy reduction of birth

rate. But serious conditions appear between the fifth and fifteenth years. Here the under-nourishment resulting from insufficiency of foodstuffs, as well as from scarcity of milk and fats, expressed itself in retardation of growth, deficiency in body weight and increase of mortality especially through tuberculosis.

An interview with Dr. Gustav Frenssen,[1] well-known German novelist and lecturer, gives a sharp picture of effects continual food shortage had on German life. His statement stands by itself:

There is no childhood in Germany, only little old creatures with heavy eyes and twitching shoulders who move wearily along the streets where once played the golden-haired progeny of a child-worshipping people.

Not only are the children of my country suffering, but the young people and the intellectuals. Many fine writers who have not yet made a name are suffering great difficulties in making a living. Professors in universities are able to live on their pay, that is about all. Students are having a ghastly time.

I am not interested in German political affairs and have no connection with my country's political life. I don't know anything about reparations, or anything about the affairs between nations. I am a poet, a parson, and an author. I am interested in the world war because of how its causes and its results affect the souls of my people. There will be no Germany if we neglect the coming generation. There will be a vast waste where Germany now is in Central Europe if the children of my native land are robbed of their childhood and are

[1] *New York Times.*

under-nourished so that their brains and souls are shriveled.

There were those in America who objected to the inclusion of Germany in the European relief campaign. To one of these who especially cited the lavish money spending of certain classes observed by visitors in Berlin, Mr. Hoover replied:

> The German situation, as I see it, is simply that in Germany the old guard and newly added profiteers are as heartless as it is possible for a human group to be. There can be no question as to the actual starvation of the children of the German poor, particularly in the industrial districts of Germany. I do not believe we are justified in refusing to include them in a general appeal for children because of the rottenness of these classes.

In including Germany in the campaign for funds Mr. Hoover's expressed view was that German children bore no relationship to the war, that America had not been fighting women and children, that shortage of commodities in Germany of the type on which child life can be maintained brought the greatest possible disaster on the children of the poor, that America had those commodities in surplus, that there is a large community in the United States sympathetic to their support, and "that in the long run from a national point of view if we wish to recreate good will not only abroad but also contribute something to heal chasms between our own people, we were not justified in excluding these children from such national effort."

The first task of the Friends Mission when it arrived in Germany was to obtain classification, based upon medical examination, of all needy German children from 2 to 14 years of age. Children were divided in this grouping in four categories: First, those in normal condition; Second, undernourished, but not sufficiently to endanger future health; Third, children showing such serious and prolonged undernourishment as to endanger their future, unless relief were given at once; and Fourth, children diseased by rickets, tuberculosis, serious anæmia, etc. as a direct result of malnutrition.

The Quaker broad ideals of humanity and love combined with a sense of practical accomplishment were rare qualities that meant a great deal for the children of Germany.

On the way over from America this first mission had consulted with Messrs. Hoover and Edgar Rickard, Director of the A.R.A., stopping in London for detailed advice from Mr. W. L. Brown, European Director, on the organization required for such a large scale operation.

Along the practical lines marked out child feeding kitchens were rapidly established. In these kitchens undernourished children and expectant and nursing mothers were provided daily meals. Children from six to fourteen years of age were fed mostly in kitchens set up in schools, younger children and mothers in kindergartens and other similar institutions. The feeding was later extended to boys and

girls between fifteen and eighteen most of whom were employed in some sort of industry.

Operations in Germany were directed from the headquarters of the Mission at Berlin, and the transportation office at Hamburg. Germany was divided into administrative districts, each in charge of an American with one or more assistants. It was considered the best policy to induce some strong business executive to come over to Germany as supervisor for each district to devote a period of time to the work. In each locality committees composed of public spirited persons carried through the local measures of the work in accordance with the wishes of the American donors, solely for the benefit of the most undernourished children in the community. The Friends repeatedly found occasion to express their warm appreciation not only of the technically excellent work of these committees, but of their understanding of the social and spiritual needs in humanitarian effort.

The food allocated to the various districts in Germany necessarily varied in accordance with the supplies available and with the fluctuating needs of the districts, as well as with the possibilities of organization of child feeding centers. The greatest need was found in the most densely populated areas around Berlin and Essen. The need in the Dresden, Hamburg and Leipzig districts came next, whereas in Frankfort, Munich and Cologne fewer children had to be cared for by the Quakers. In larger cities the

food was cooked in a few large central kitchens and distributed in huge thermos kettles to the various feeding centers. Two great kitchens in Berlin cooked for 35,000 and 25,000 respectively. A large central kitchen in Essen cooked for 20,000. In more remote centers the food was prepared in smaller kitchens and served on the spot.

Leading child specialists of Germany formed into a medical advisory council to the Quakers for regulating admission of children to the feeding centers. In each locality committees of physicians determined the individual children and mothers who were to be fed, solely on the basis of their condition of undernourishment, making no distinction on account of politics, religion or social position. In general, babies were not fed, because distinctly German organizations had been able to arrange for their supply. The Quakers, however, undertook feeding of a certain number of infants not otherwise cared for. Catholic and Protestant, Jew and Gentile, in America and Germany, alike supported the purely humanitarian effort in which race, nationality and religion played no part. Likewise, the only consideration for admission of children to the kitchens was the state of undernourishment of the child. If he was undernourished, he was fed. If not, he was not fed, irrespective of the family's situation.

At the end of the first month of operations 300,000 children were on the feeding lists. At the end of the first six months of operations 700,000 children were

being fed in 3,392 feeding centers in 88 cities and districts throughout Germany. Just before the harvest of 1921 the numbers fed reached their high point when 1,026,656 were on the feeding lists. During the whole period of this feeding a total of about 293,000,000 meals were served. Throughout the operation of the mission, approximately 90% of the meals were given to school children, 5½% to children from 2 to 6 years of age, 2% to older children from 14 to 17 years, and 2½% to nursing and expectant mothers. The mission worked in close cooperation with the Deutscher Zentralausschuss für die Auslandshilfe, a committee headed by Dr. Bose of the German Food Ministry and representing all welfare organizations receiving foreign relief in Germany. The food allotment for the various cities and districts was made in consultation with this committee and by independent investigation.

Costs of unloading, storing, insuring and transporting the food from Hamburg to point of distribution were borne by the German Government and by local committees. Storing, cooking, distributing in each city was cared for by the municipality or local committee. These costs were partially defrayed by the salvage of food sacks, cans, and containers in which the food had been shipped, and by a charge of from twenty-five to forty pfennigs per meal, an amount being settled by the local committee to provide for miscellaneous local expense. As these charges represented a value of from one-fourth

to four-tenths of a cent, it will be seen that they were down to a strict minimum. Those parents too poor to afford even such minimum charges were always provided for by separate funds maintained for the purpose. No child was ever turned away on account of inability to pay even this small sum.

Such an operation, linking principles of business organization combined with philanthropy, could only be carried out by the cooperation of thousands of Germans who did their part in cooking and distributing the food, and inspection and control of kitchens and feeding centers. Many of the 40,000 men and women cooperating in this work were volunteers who gave their services without pay. Their share was large. Without their devoted services the work could not have been a success.

The German Government also cooperated in the work of the American feeding in numerous ways. Customs duties on food products were waived. Free transportation and express service for all shipments were furnished by the railways; flour and sugar necessary for the continuation of the feeding from September 1920 until September 1922 were given by the Government, which also appropriated the sum of 13,000,000 marks in June 1920 for the work of the Deutscher Zentralausschuss für die Auslandshilfe, a large part of which was used in connection with work of the Quakers.

By giving the Mission preferential housing facilities, telephone service and furnishing free transpor-

tation to its members on German railways and in many other ways did the German Government show courtesy and give material assistance to the small band of Quaker workers.

In the first part of 1921 when the question came up as to how much longer it would be necessary to carry on American charity in Germany, Mr. Ellis Loring Dresel, American Commissioner to Germany, sent the following report to the State Department:

BERLIN, January 7, 1921.—By personal observation and thoroughly reliable reports I am convinced that a large portion of the children in all the large cities in Germany are seriously underfed, and that a continuation of the American relief is essential to save the life and preserve the health of an entire generation. This applies not only to the children of the very poor and of the working classes, but also to the children of officials of fixed salaries, and I know of one cabinet member who is constantly worried over his inability to obtain a sufficient supply of milk for his own child. From motives of common decency I am constrained to give presents of flour and milk to children of employees of the Commission, even though they are receiving more than normal wages. No other charity is so well known in Germany nor has such a deep feeling of gratitude to America. To discontinue this relief would undoubtedly increase social unrest. To see his children underfed and suffering would turn the most self-respecting and patient workman to communism.

Members of the Quaker Mission in Germany soon after cabled to Mr. Hoover: "The territory that we

now cover includes most German cities of 10,000 and over, also smaller towns in congested industrial districts in the Ruhr, Saxony, Upper Silesia, of a total population of 29,000,000 of which we estimate 4,700,000 are school children. Medical examinations by index method now proceeding indicate that at least 20% of these children or about 1,000,000 are seriously undernourished, requiring feeding. In addition we estimate 850,000 children from 2 to 6, apprentices and mothers in the same condition of which we believe we can reach 275,000. . . . We are anxiously awaiting authority and assurance of supply of foodstuffs to feed need indicated, that is, 1,215,000."

A few months later, after conducting a survey of German conditions, it was the opinion of members of the Quaker Mission that feeding should continue for another year. There appeared to be no improvement in the general situation in sight in any way. "Generally speaking," said Mr. Alfred G. Scattergood in his report, "food and living conditions seem easier than before, and nearly everything can be purchased by the comparatively small number of people with money, but the purchasing power of the population is too low to make possible the maintenance of anywhere near an adequate standard of living. . . ." Although world food prices had gone down a little, and the removal of German Government internal control of foodstuffs of everything but flour, bread, and sugar caused less discontent, Mr. Scattergood re-

ported that "There is, no doubt, still remaining, as a result of the war and of pre-war conditions, more than average undernourishment and malnutrition amongst children. In other words, the emergency to which we came to minister, so far as we could, has not yet passed."

Naturally such a state of affairs carried in its train other forms of demoralization. Some, like bureaucratic corruption, were entirely new to a country long a model of exact official discipline. Others, like alcoholism, gambling, loose social morality, the unpleasant false gayety of night life, prostitution, had been present before but now increased by leaps and bounds, encouraged by extravagant spending of paper money that so rapidly decreased in value that it must be spent as fast as received. The ranks of the unemployed furnished those who turned to such means of passing their time. War demoralization and the pessimism about the morrow brought many to these distractions with a "let us be merry for tomorrow we die."

Besides the main work of child feeding, the Quaker Mission also distributed clothing and material for clothing. During 1920 and 1921 more than 1,405 bales of clothing were distributed, the value of which reached approximately $287,000. The German-American Campaign Committee contributed an additional sum of $100,000 for purchase and distribution in Germany of new children's clothing. Thanks to the high purchasing value of the dollar

then, this sum enabled the Quakers to buy from German textile mills 300,000 union suits, 300,000 pairs of stockings, and 60,000 meters of flannel. As in the case of the foods, clothing gifts were distributed according to a systematic plan through the agency of the German Central Committee and the cooperation of local welfare organizations.

An interesting technical development of the work was the opportunity it gave for testing on a large scale various scientific measurements of the effects of undernutrition upon the human system and the development of a dependable method of determining the general state of health of a child by a means of physical measurements. After a general meeting of a commission of the German Medical Society, leading child specialists attending decided upon the so-called "Rohrer Index" method of examination. This method, like the Pelidisi system evolved in Austria at about the same time, is based on the relation of a child's weight to his height. The physicians decided that as a mechanical means the system could not be infallible, recommending that perhaps 70% of the children would be correctly selected by its means, and that the other 30% should be selected upon the basis of ordinary medical examination. Each child was therefore given both Rohrer and regular medical examination.

Coincidently with the main Quaker feeding, the A.R.A. organized the food draft system for European relief,—a new idea in the transmission of products

from one country to another. In its design and effects it was charitable but it was conducted on business principles. Briefly, it provided the means and the machinery by which relatives and friends of Germans could pay a sum of money in America, receive a food draft which they would send by mail to the person they desired to aid, this person receiving a package of food upon presentation of the draft at an A.R.A. delivery station in Germany.

Many of the millions in the United States having family affiliations in Europe were desirous of giving direct personal assistance to those relatives and friends. Some were attempting this by transmission of money, which was of little value to the beneficiaries in purchasing foods on markets where food supplies were practically non-existent. Others sent packages of food through the then irregular and inadequate means of transportation, in some cases paying as much for postage and extra freight as the food itself was worth. Even then many of these packages never arrived at their destinations, and those which did frequently suffered from breakage or robbery in transit.

By the finance of purchases, by the unified management of a vast mass of details, by the actual transport of wholesome American foods in large lots, and their quantity assortment into individual packages, this plan bridged the gap created by the fall of European monetary standards and all the arrestation of normal food trade which war effects entailed. By

this plan complete safety of delivery was assured, the food bought at producer's prices, and extremely low freight rates for shipments in large quantities obtained. Delivery was made as quickly as the individual drafts could be transmitted by mail. As part of the system of warehouses set up throughout the countries of Central and Eastern Europe, a main warehouse was established at Hamburg and district delivery stations in Germany at Berlin, Hamburg, Frankfort, Dresden, Munich, Stuttgart and Leipzig.

These food drafts were sold in the United States and possessions, Canada, Central and South America, Cuba, France, England, Denmark and Australia, and a considerable number of mail orders from other countries received. Within a period of sixty days from the time of the decision to take up this operation a wide spreading sales organization for selling these drafts in America was built up. The speed of this accomplishment was mainly due to the cooperation of the American Bankers' Association and their 4,800 member banks which handled the sale of drafts without charge.

At first, whether because of the novelty of the scheme and a fear in the minds of German Governmental officials that its privileges might be misused, or whether because certain German Government bureaus conceived it an infringement on their prerogatives, officials objected to independent American control of the delivery of these American packages.

Mr. Alan G. Goldsmith, who had been sent to Germany to organize the work, found himself delayed by dawdling along from one bureau to another for several weeks, obstacles being continually put in his path because of the apparent desire of these officials to handle package distribution themselves.

In the meanwhile the *S.S. Cripple Creek* was on her way across the Atlantic with the first shipload of package supplies. It was essential that the Americans retain control of distribution of the packages for which they were accountable. The A.R.A. did not wish to bear the cost of unloading supplies at Hamburg until that control was assured. Therefore, the day the ship was about to arrive Mr. Goldsmith was obliged to deliver an ultimatum through Dr. Albert of the Foreign Office, who acted as intermediary, that if the Americans were not to have that control they would simply have to send the ship on to Danzig for distribution of food drafts in Poland. At 2 the next morning these not unjustifiable conditions were acceded to and the agreement signed. Dr. Albert's cooperation and aid as intermediary in this and many other matters was of great assistance. He was in a rather difficult position, being placed between the Americans on one side, and apparently inexperienced superiors and the large army of hidebound minor officials on the other.

In the old days in Germany the leaders of the state knew very well what they were doing and how

to accomplish their policies. Under them they had a vast army of bureaucrats who had naught to do but obey instructions and, as such, formed an extremely efficient machine. However, when the revolution came, Americans observed that higher officials were no longer those with a definite plan or with power behind them, or with experience in government. They were mostly men who had worked up from trades to leaders in the labor movement. Outside of their labor union activities, they had no administrative training. When they took the higher government offices such new leaders were often weak and undecided and not particularly effective in supplying the necessary impetus to the huge bureaucratic machine which kept on running under them as of old. As Americans in Germany observed it, the result was great confusion in what everyone was trying to do, and difficulty in getting the bureaucrats to do anything at all which was not specifically and minutely stated in their prescribed regulations and precedents. Resulting from the socialistic tendencies of the government, the number of office holders was largely increased. As an example, the State Railways were employing over 300,000 in 1920 compared with 104,000 in 1913. With three times the employees the train service was not as good.

Although the difficulties of the A.R.A. with the German Government were minor, and soon adjusted, rumors of them passed over to America, where they began to adversely affect the volume of sales of food

drafts for Germany. When this was explained to responsible officials, the German Government issued the following statement:

In view of misunderstanding apparently existing among certain American circles as to the new relief undertaking organized in Germany at the instance of Mr. Herbert Hoover, the German Government wishes to emphasize that it gratefully welcomes all efforts inspired by unselfish charity which tend to alleviate the great hardship and dire suffering prevailing in this country. It heartily endorses, therefore, the plan originated by Mr. Hoover, commonly called the American Relief Administration Warehouses, destined to operate throughout Central Europe under the direction of the American Relief Administration.

Moreover, it has granted to all foodstuffs to be imported by that organization into Germany not only full freedom from all import duties and taxes, but also special transportation privileges and facilities.

The plan has the advantage of enabling wholesale buying of foodstuffs in America at minimum cost and shipping to German ports in shipload lots at lowest available freight rates, as well as the assurance through German cooperation at this end, that the goods will be delivered safely and promptly to the recipients.

The German Government further gratefully acknowledges the most valuable assistance which is rendered to the relief of suffering German children by the American Society of Friends (Quakers) who, under Mr. Hoover's direction, have sent a special mission for that purpose to this country. . . .

The contents of the food packages were carefully standardized by food experts to contain the maximum nutrient value consistent with bulk and price. Drafts were sold for four different types of packages at two prices, $10 and $50. When U. S. food prices went down in late 1920, additional amounts were added to the packages. Availing themselves of the facilities offered by the food draft scheme donors in America contributed food parcels to Europe valued at over five and a half million dollars. Nearly 142,000 such packages were delivered to Germany reaching the value of over $2,000,000.

It was not intended that this operation should be conducted for profit, but safety demanded that a sufficiently protective allowance be made for fluctuating food prices, administrative expense, transportation, port charges, insurance, etc. This phase demanded careful consideration for, due to the number of cooperating banks in America, it would be impossible for them to keep track of frequent revisions of price. The packages of food for which the drafts were cashed had to be simple and unvarying in content, and the price had to remain unchanged for over a year. From previous experience of the Belgian Relief Commission and the American Relief Administration it was possible to arrive at a fairly definite overhead charge to cover expenses and risks involved, but it was not possible to provide against the fluctuating costs of commodities except by the protection of an additional margin to meet any un-

expected increases in food prices. Such a nominal margin was accordingly set up, it being definitely stated that any surplus or profit remaining should be turned into general expenses of the child feeding operations.

Even including this protective margin the difference between the food value purchased by the individual under this plan and the retail market prices of the foods contained in the packages, obtainable anywhere in the world, made it necessary to institute the most stringent precautions to avoid the purchase of food drafts by individuals for speculative purposes. Particular care was also taken to assure a high standard of quality of the foods included in the packages. Certain shipments of old American war bacon sent into Germany from British Army stocks in 1919 had created a low opinion in Germany of the quality of American products as did the quantities of bacon in bad condition delivered to Germany under credit arrangements made by certain private American concerns in 1920. The wide sale of this meat, marked "American bacon" in Germany threatened for a time to defeat the food draft plan in that country. Every food package had to be an international token of America's good faith. Every purchase of food was consequently subjected to severe and uncompromising inspection. The slightest suspicion of ocean voyage deterioration in quality was also enough to subject whole shipments to condemnation and sale as damaged goods.

Owing to the gradual improvement of food conditions in Germany and Eastern Europe the emergency for which this food draft plan had been designed was deemed to have passed with the coming of the 1921 harvest. The sale of drafts was accordingly discontinued on April 30th, and the last packages delivered on July 30, 1921.

By the end of 1921 the gradual withdrawal from European child feeding of the American Relief Administration made it necessary for the Friends to take into their own hands provision of funds to carry on the further feeding of children projected by them. As they had insufficient resources for their program it was decided to make further effort to secure contributions directly from the American public. With this object a group of Americans of German extraction organized and undertook to provide funds to carry on the further feeding of an average of 500,000 children a day for a period of ten months. This, with the funds turned over by the American Relief Administration, along with cash which the Friends had in hand, enabled the Friends to feed at the expected rate until September 1922. The committee had by July 1922 raised approximately $1,500,000.

In September 1922 a thorough survey of food conditions in Germany indicated that the country had at least reached a stage where further mass child feeding by America seemed no longer demanded. The Society of Friends made their arrangements to withdraw.

The work had been so organized that German local organizations and municipalities, although they were cramped by lack of sufficient resource, were able to carry on in a measure the care of their own poverty stricken children. Members of the Quaker Mission to Germany, who were practically all volunteer workers, and who had temporarily given up their regular vocations at home, were permitted to return to America and take up again the thread of their personal lives and work.

What may be called an incidental aid, but not an inconsiderable one, was the benefit to Hamburg, Germany's largest port, through the activities involved in receiving and reshipping large quantities of regularly arriving relief supplies for Central Europe, Germany, and later, for Russia. The great amount of tonnage shipped through Hamburg by the A.R.A., the large number of personnel employed for the handling of commodities, contributed measurably to the economic relief not only of Hamburg, but through its employment and activity to the rest of Germany. Large quantities of supplies were received at Hamburg and shipped out by land to other parts of Germany, Czecho-Slovakia, and Austria, as well as considerable amounts reshipped from Hamburg to Danzig, Riga and Petrograd for Russian relief, in which traffic German Baltic steamers were largely used.

After the operations got under way Mr. Philip Carroll, who was in charge of the American port

operations at Hamburg, described the cooperation of the German Government and railway officials as splendid;—always fine in their treatment to Americans. A great amount of assistance was given by Herr Cuno, Director of the Hamburg-American Line at Hamburg. He not only offered all the facilities of the company's offices and warehouses at the port, but acted as chairman of the German committee at that city which assisted the A.R.A. in their work. The Hamburg-American Line officials always furnished every assistance.

These port operations had considerable influence on the labor problems at the port. When shipments first began to arrive the spirit of labor was such that they would sit down and strike upon the slightest provocation. Later, the influx of food, the partial resumption of normal port operation which it entailed, and the humanitarian nature of the work brought the workers back to a more normal outlook and accomplished much toward reviving interest in normal pursuits. A case in point, occurring during the Bolshevik advance into Poland, was the general strike of railway men and dockers against handling any freights destined to Poland, because of sympathy with the Communist movement and antipathy for the Poles. Workers at Hamburg having found that some American relief supplies were destined to Poland, and having been told by certain agitators that they were for the Polish Army, they struck.

Mr. Carroll went to the workers and asked one after the other: "Have you any children?"

"Yes."

"Are they getting meals in Quaker kitchens?"

"Yes."

"Well, your children are eating American supplies yet you refuse to help get food also to Polish children!"

The strikers went back to work.

Russian relief operations kept the Hamburg office of the A.R.A. active until September 1923 when it finally closed down.

Upon withdrawing from Germany in July 1922 the Friends arranged with the Deutscher Zentralausschuss to take charge of the feeding work and continue it with the support of contributions from America for an indefinite length of time. Americans of German descent were appealed to to continue to support the work, which, to an extent, they have done, the contributions being administered by the German organization under the inspection of a Quaker member delegated to duty in Berlin for that purpose.

Everyone knows what happens to the physical organism and to the outlook on life when a hungry person is fed. We do not have to go further into evidences of what the American feeding in Germany accomplished. The children were hungry. They were fed. By consequent improvement of muscular and physical force their resistance to disease natu-

rally increased, as did the ability of mothers to nurse their babies, after a short period of feeding. The feeding was undoubtedly a powerful weapon in the fight against tuberculosis. Marked improvement in the mental tone of the children after a few weeks was noted throughout by teachers. The children emerged from indifference to eager attention and interest in their school work.

Undoubted it is that the American Friends' relief work in Germany is significant in future relationships between Germany and America. The Friends themselves saw the more profound effects of their sincere attempts to substitute something in the place of hostility. We quote their own expression made by Mr. Harold Evans, one of the fifteen original members of the Friends' mission:

> Its permanent value depends not merely on the number of children fed or on the group who carry it on, but on the extent that it cuts at the root of the world's ills, which most of us will probably agree are due to mental and spiritual diseases, even more than to physical causes.
>
> Many relief agencies have ministered splendidly to the physical needs of Europe, and in so doing have done much to restore broken spirits. Friends have attempted a somewhat different task. They are striving to feed not only hungering bodies with bread, but also hungering souls with faith and hope and love. They are trying to show that the dynamic of real life is the creative, not the possessive, instinct. They are helping to create the individual as opposed to the mass mind, subjectively by breasting the current of popular prejudices in going

to Germany . . . at all; objectively, by trying to carry on their service in the spirit of real friendship which recognizes and respects each individual as a personality, a child of our common Father, and therefore our brother and sister. The fact that the work is undertaken as a distinctly Christian service by a group known to be members of or in sympathy with a religious society makes it essentially an expression of the real meaning of Christianity as Friends interpret it.

If the German work of the Friends stands out in any of these respects it is . . . because the generosity and confidence of those not Friends have made possible a work on a larger scale than elsewhere and because of the somewhat dramatic effect of relief on such a scale coming from a country with whom Germany is still at war.[2] Good faith to these contributors, as well as loyalty to our Master, require that we use these opportunities not for any sectarian advantages, but for the extension of that wider fellowship of those of all denominations and of those who believe that in Christianity . . . lies the only hope of the world.

Of the Friends' work the German Chancellor had expressed himself as follows:

I wish to take advantage of this opportunity to express to the distributors of this relief, as well as to all those in the United States who have contributed in the collection of funds, how fully the German people appreciate this work of brotherly love.

I wish to assure you that your methods in carrying

[2] This was written before peace was ratified between the United States and Germany.

out your plans for relief and your excellent organization of the feeding command general recognition and admiration. The members of your organization have operated everywhere in a disinterested and unselfish manner and with devotion to the work. They have consequently been able to carry their relief, without making any distinction of party, class or religion, to the most needy children only, and to work in harmony with the German Committee for Foreign Relief and with the German officials.

For the continuation of this relief, which has been made possible by the cooperation of so many classes of the American population and which is being carried forward in the spirit of true justice and a brotherly love and a goodness knowing no boundaries, I wish a rich blessing.

HERMAN MUELLER.

Thus ended an important chapter in the history of America's participation in Europe's post-war reconstruction. The American Friends created, with the means put at their disposal by American donors, an immensely beneficial work of relief for the rising German generation, in their two and a half years' unselfish work. By their living example in a time of great distress, they brought to the German nation a message of good will, active philanthropy and reconciliation of nations that will probably be not soon forgotten.

As an official expression we also have that made in July 1921 to an American, Mr. J. H. Wallis, by Dr. Wirth, German Chancellor:

Any form of government may continue if it can offer to the people the most necessary means of existence. In this respect child feeding has greatly helped our present government. . . . It is not too much to say that all such work has helped, in a way, to prevent within the mass of the German people a still greater growth of despondency. In this respect the child feeding operation has decidedly counteracted the spread of Bolshevism. . . .

The idea that Americans, both of German descent and of other lineages, have shared in this work has given room to hope that this memorable action of charity may soon be followed by cooperation along economic lines between the United States and Germany.

The economic life of Germany is under such strong tension from years of hardship during the war and from huge burden of reparations . . . that help of a charitable nature, although it be as generous as that of the Americans, naturally cannot play a decisive part in the economic recovery of Germany. The never-to-be-forgotten merit of the American benefactors consists in creating in the German people a mental tranquillity and in reducing their feeling of being forsaken by the whole world.

This American child feeding in Germany has been a lasting benefit to the health of the growing generation, and through that generation it will also be a benefit indirectly to the health of the following generation. It has had a stabilizing influence in a time of political crisis.

But again in late 1923 recurring reports of the condition of children in Germany brought the sympa-

thies of a number of Americans, who, under the leadership of Major General Henry T. Allen, late Commander of the American Army of Occupation in Germany, took up the collection of funds for feeding more than 1,000,000 children in Germany through the 1923-24 harvest year.

"How does it happen," asked a representative of the *Chicago Daily News,* "that you, a commander of American soldiers in Germany, are heading this committee to feed German children?"

"America never waged war on children," General Allen replied.

Dr. Haven Emerson of Columbia University, and Professor Ernest M. Patterson of the University of Pennsylvania, after personal investigation of conditions in Germany, reported that 5,000,000 German school children, or 50 per cent of the total number, were undernourished, concluding their report by saying that: "Such sums must be raised in the United States as will permit of supplementary feeding and additional clothing for 2,000,000 school children and at least 500,000 younger children for not less than six months."

On General Allen's American Committee for Relief of German Children were over one hundred persons, many bearing names of note in financial, educational, industrial, and political circles in America.

Backing up their appeal for funds were:

President Coolidge: "It is very desirable that the private charity being organized should go on."

Mrs. Woodrow Wilson: "I do not hesitate to express the hope that your fund in aid of helpless German children may continue to receive generous support."

Cardinal Dougherty: "All who have a spark of human love in their hearts will be willing and anxious to help in this good work."

Rabbi Wise: "It would have been an utterly unworthy thing if we had suffered the war and its memories to stand between us who are able to serve and the little children of Germany who are in terrible need of services."

Herbert Hoover: "It is always the children who are ground in the mills of international disputes . . . and honest charity inquires no further than that."

The purchasing of supplies and the supervision of the relief work in Germany were in charge of the American Friends Service Committee. Actual distribution was carried out by the same German Central Committee for Foreign Relief as had previously cooperated with the Friends' work.

Succeeding in raising over $4,300,000 in America for this relief, the committee was able to carry through feeding of 1,000,000 children to the end of 1924, arranging a program for the feeding of several hundred thousands during the Winter of 1924-25.

Most valuable in German relief work were also

the so-called Quarter Collections made by German-American women, as well as those of the New York *Staats-Zeitung* and other German-American newspapers.

When General Allen's Committee undertook its work it also instituted, under the directorship of Mr. W. Gordon Brown, a food package service similar to that formerly conducted by the A.R.A. Although many in America who had German affiliations testified to the necessity and value of such a service the volume of sales did not come up to expectations, reaching but 17,200 packages valued at $172,000. This was one of the welcome indications that Germany had at last passed the stage of needing such aid from the outside, bringing to a final close American large scale charitable effort in Germany.

CHAPTER IX

TURNING A NEW PAGE

"He touched the dead corpse of public credit and it sprung upon its feet."—Daniel Webster, 1831.

We have told of German expectations in America, how some were little warranted and how some have been fulfilled:—American efforts to bring blockade relaxation, practical measures of feeding Germany during the Armistice period, efforts of Americans to aid in financial rehabilitation, America's feeding of German children in successive stages, and of other measures for provision of food.

In attempts to lighten the restrictions imposed by continued blockade during the Armistice, American delegates were but partially successful. At least, the effort evidenced good spirit and will to aid economic restoration in a practical way.

Failing, or pending, the efforts to raise the blockade Americans successfully set up machinery for supplying food to the German Government, and supplied that food in time to meet general need after the Armistice. By no terms of its delivery and by no exigence of America or the Allies did Germany suffer any loss except that she had to pay for the food as she would have had to do anyway. The

attempt was not philanthropic and made no pretense of being so, but it was at least truly conceived in a helpful spirit.

Charitable feeding of Germany's destitute children, carried out on a mass scale through several years, was entirely humanitarian, and was effective. It was not only effective as a great humanitarian message from thousands of contributing Americans, but must have done much to build a lasting relation of friendship.

Up to 1924 the efforts of certain Americans to enlist American financial aid to Europe, and incidentally Germany, may be said to have been largely barren of result. The forces behind these failures, for failures they must be called, are complicated and intertwined;—an adverse public sentiment in America, an internal American political conflict, mistrust of European statesmanship, Germany's apparently deliberate bankruptcy in the avoidance of reparations accompanied by denials of the loss of the war and appeals to pity, and lastly, France's desire to exact the last pfennig of indemnity while denying Germany the production means for its coinage. All through, the stimulus for such efforts as were made had to find its origin in America and in England, not only without clear cooperation from within Germany, but often actually balked by an expressed German spirit of certain powerful classes which was anything but conducive to prepossessing American public feeling in Germany's favor. The efforts of

many influential Americans have been made, not because prepossessed in Germany's favor, but in the conception that if there is to be economic peace in the occident Germany must recover. In that belief emotions properly had no part.

The year 1924 at last found an opportunity for a group of Americans to be of service in accomplishing a solution of that all important deterrent to recovery;—the reparations question. To the great surprise of those who had come to regard the reparations question as a mockery of what the *Literary Digest* calls the "Liberty Map of Europe," a new era started from the inspired and constructive work of General Charles G. Dawes, Owen D. Young, Colonel James A. Logan, H. M. Robinson, Roland Boyden, Alan G. Goldsmith and other Americans whose proposals backed by American bankers, accomplished the impossible of a practical working agreement between France, Germany and Great Britain. When Poincaré asserted that the force of events would prove more powerful than men in control his words were true in a way not intended by him.

The Dawes Plan, presented by the Commission in April 1924, approved by allied and German governments, came into operation in September. It had to consider the financial management of a nation and restrain in so doing both internal and external political forces. The Agent General for Reparations, S. Parker Gilbert, described it broadly as an "endeavor to stimulate confidence among peoples and to

apply principles of reason and justice to a difficult vital problem." He added that "the success of the plan will be measured not alone in terms of payment effected. It will be determined also by the extent to which it helps to replace distrust and discord with confidence and conciliation." The plan aimed primarily at debt payment rather than imposition of penalties, but contended that debt and taxation of Germany should at least equal those of the Allies. To accomplish this the Plan laid down as essential that fiscal and economic unity of Germany should be restored, and allied political or military control removed from German industry and commerce.

For currency stabilization a foreign loan of 800,000,000 gold marks was immediately required and subscribed for foundation of a new bank of issue, and for meeting reparations payments of the first year. This bank, divorced from the German Government and managed under allied supervision by a German president and board, was given exclusive right to issue currency, backed by one third gold reserve. Reparations payments under the Plan, besides the foreign loan allocation in the first year, were to come from a mortgage on German railways and industries, from a transport tax, and from general budgetary revenues guaranteed by revenues from such internal sources as customs, alcohol, tobacco, beer and sugar receipts.

The real economic question mark of the Plan came in the problem of how payments were to be trans-

ferred out of Germany, for general understanding at last came that excesses of international payments between nations could only be effected by exchange of goods or services. This problem which had done as much as any to tangle the whole question, was placed under a Transfer Committee consisting of the Agent General and five financial experts. Its complicated schedule need not here be analyzed. The workability of the Dawes Plan is more effectively demonstrated by its broad accomplishments.

The advances made into the problem in the first period indicated that the right road was found. The Plan not only advanced general European economic recovery, but removed those continual contentions and irritants both between Allies and Germany and between Allies themselves, which made a dozen nations wonder how soon they might be swept up in another such war. One of the sharpest thorns of irritation was removed when industries in the Rhineland were freed from allied military control and put back under free German administration.

Successful subscription of the International Loan enabled early formation of the new German bank of issue. Half of this loan, $110,000,000, or 400,000,000 gold marks, was subscribed in the United States. Great Britain took 192,000,000 marks, or one-quarter. The rest was subscribed varyingly in France, Italy, Belgium, Holland, Sweden, Switzerland, and Germany. The loan provided, through trade chan-

nels, for four-fifths of the first reparation annuity. After that the burden of the increasing scale of payments was carried by Germany itself, without direct recourse to loans.

Only to a lesser degree were these payments made in cash. They were principally made in payments to German nationals within Germany for expenses of occupation armies, for services, materials or manufactures furnished to the Allies. In the ingenuity of this process German industries were restarted or kept running, the Allies received materials, and reparations were paid, with no depreciation of German currency.

Such payments "in kind" were those made under treaty obligations of the German Government, such as coal, coke, dyestuffs, and other merchandise; and deliveries effected under direct contracts between allied and German nationals. The allied buyer paid his government, and the German seller was reimbursed by his. These contracts were for a great variety of services and goods:—building of ships, railway rolling stock, coal, iron, fertilizers, machinery, lumber, and many others. Where these caused no real competition with allied industries, the benefits to all were apparent.

Although the reconstruction of Germany was not the sole object of the Dawes Plan, Germany could not but benefit from the realization of the economic soundness of the Plan. The German budget began to show healthiness after the first year. The

reichsmark was kept at dollar par. Success in reaching a stable currency immeasurably reduced the acute insecurity suffered by German industry and the German people in the post-war years. Few economists would venture predictions at first on the continued transfer of values in payment of reparations, but the start was made, and their hopes for the best became justified. The bugaboo of prohibitive barriers erected by the receiving countries against German goods was one of the doubts hovering over continued effectuation of the transfers, but concerted international efforts of logical minded men have acted to check, if not to reduce these. There is of course introduction of competition in increased German exports, but the stabilization which it brings, brings also increased consumption power all around that has always, in history, kept pace with industrial advance.

These developments as they come should be of particular interest to America, not particularly because the Plan itself came to fruition through American mediation, nor because its administration lay largely in American hands, but because the resources of America make American participation in any important step of reconstruction not only essential but inevitable. The public loans and bankers' credits floated in America beginning with early 1924 showed the immediate response of the American investor to the settling influence of the Dawes Plan and the more or less belated willingness of Germany

and France to welcome settlements in accord with sound economic principle. Whereas previously it had been impossible for Germany or Germans to finance in America, in the first eighteen months of the Plan German municipalities and industries were able to obtain in America public loans and bank credits of some $310,000,000. With the International Loan, this investment reached about $420,000,000, when before no serious investor would think of taking any German securities.

The subsequent period saw American interests not only consenting, but almost eager to place their investments in Germany. The protection of these investments and the consideration of new German financial and other Central European investments to follow in succeeding years, more than anything else influenced the change from air-tight American "isolation" to a reasonable assumption of the responsibilities and interest that must accompany financial leadership. In international financial relations with a country of Germany's resources, these sums are small, but the investments were important in their indication of return of confidence and resumption of normal flow of capital from the place where liquid capital was abundant to the places where producing industries needed it.

Probably the most interesting of future American relations with Germany will be in financial cooperation in that building of Russian industry of which Germany is most capable. The torrent of the Rus-

sian revolution passed, and its back eddies of destruction, famine, and human misery flowed out to more level ground. The day of important cooperation with Germany in the building up of Russia is perhaps not nearly so distant as administrative Russia's imponderability and capacity for arousing distrust might make it appear. Sooner or later all serious experimentation reaches natural practical results, and this will undoubtedly be true of Russia. Russia, old in civilization, is industrially a "new" country. Germany had the amassed knowledge of Russian economic conditions, the ability and equipment for its rehabilitation, but with German national wealth reduced back several decades, had not the capital. America had. Financial contacts are bound to increase and to have bearing on relations.

The above is one of the most likely channels of such relations. There are undoubtedly others, such, for instance, as an interlinking between America and Germany in the process of cooperation between industrial units which seems to mark the spirit of the modern age in both countries.

This, however, has been an account of the facts of actual contacts in relation to some of the forces underneath these contacts between these two countries after the World War. If this record will contribute to better understanding between Germany and America, then that will be justification for the efforts of those Americans who have tried to help in reconstruction.

Date Due

8:30 A.M.
8:30 A.M.
MAY 28 '81
DEC 15 1988

3 3190 00013 4387

HC
286.3
.B791
cop. 2

38591